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The COMMERCIAL & FINANCIAL CHRONICLE

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Thursday

WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Thursday

Volume 154 Number 3988

New York N. Y. Thursday, October 2, 1941

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"JOTTINGS"

This is written from Washington—a carnival, a kaleidoscope, a metropolis, yet a small town full of gossip. Old-timers say the excitement and the pressure here during World War I was never like this. A population already of 1,500,000 including its sprawling suburbs in Maryland and Virginia, growing steadily denser in the center and spreading out to the periphery as Los Angeles was doing 20 years ago. Come down every six months and you will find everybody moved, new personalities on top of the political wheel, new buildings where there used to be grass—like the new "Henderson shanties" into which the OPA has made its latest and (it hopes) its final move, after having been moved from pillar to post, spreading through several apartment houses en route. People get 15 days notice to move out to let the government move in. Some even have had to move a second time. But the space isn't much good for offices at that, what with so many kitchens, bathrooms, corridor space, and lack of connection between former apartments. Plenty of money being made here and there on the expansion. Social Security went to Baltimore, by microfilming its files. But HOLC's move to New York may bring caution on further moves; it is said to have cost $250,000. Certainly the SEC won't move. In the original '34 bill there was a clause that it be set up "in Washington," but this was struck out to save wordage on the argument "where else could it be set up!" and Congressman would balk at its going to New York next door to the business it regulates, even if it wanted to.

Whereas Wall Street luncheon-talk is usually about prices or principles, here it is about personalities and politics. Much interest here now, for example, in the lucrative legal activities of Tommy the Cork. Hard up last year when the Hatch Act forced him out of the RFC, he is now on easy street, steering clients through the intricacies and idiosyncracies of government offices, until most any big deal that goes through sucessfully now is supposed to have had Corcoran pushing it from behind the scenes. Latest chapter in this story has

(Continued on page 394)

OUR REPORTER'S REPORT

Now the die is cast and the investment banking fraternity knows quite definitely where it stands in the matter of competitive bidding under the Securities and Exchange Commission's Rule U-50.

The bankers' erstwhile best customers now loom up as their strongest competitors when the security on the "auction block" is of the quality type which the major insurance companies find fit into their investment programs.

Monday's sale of American Telephone & Telegraph Company's $90,000,000 of thirty-five year 2¾ per cent debentures left little doubt on that score when three of the so-called "Big Five" life companies, acting as a unit, submitted the bid which sent the two huge banking syndicates that had entered the market home with their shopping baskets empty.

But it also posed a problem for the Securities Commission which, at the time it promulgated the ruling following protracted hearings, hoped that its operation would among other things promote broader diffusion of new securities throughout the country among banking institutions and investors.

As things shape up at present, however, it does not look as though the latter expectation is destined to work out when top-grade securities are involved. Of the three insurance companies which acquired the latest A. T. & T. issue, as near as could be learned only two held the 5½s which are to be retired and then in very meagre amounts.

Mutual Life's Position

Lewis W. Douglas, president of Mutual Life Insurance Company of New York which, with two

(Continued on page 394)

Editorial—

Loans By Jones

H. Jones, Federal Loan Administrator, and admittedly one of the most powerful members of the New Deal fraternity. Like Pooh-Bah in the operatta Mikado, Mr. Jones holds other posts, such as Secretary of Commerce, but his strength and chief reliance is in the ability to extend tremendous loans almost at will, and in all directions, under the vague statutes covering the Reconstruction Finance Corp. These loans deserve care and study, notwithstanding the even larger lavishness of lend-lease.

The Reconstruction Finance Corp. is not a New Deal notion, for the agency was organized early in the depression. It was operated reasonably during much of that sad period, but in recent years has assumed all sorts of new functions and has formed curious outgrowths in the guise of subsidiary corporations. Much of the work of such subsidiaries concerns defense. There is a vast field in which the RFC and its creatures operate which cannot be regarded as related to defense, and another in the shadowy middle ground which may or may not be so intended.

(Continued on page 399)

INDEX

	Page
Bank and Insurance Stocks	390
Calendar of New Security Flotations	398
Investment Trusts	391
Jottings	385
Municipal Market (The)	392
Our Reporters Report	385
Personnel Items	388
Railroad Securities	389
Securities Salesman's Corner (The)	390
Tomorrow's Markets—Walter Whyte Says	387
Uptown After 3	399
Whisperings	396
Bond Selector (The)	400
NSTA Elects Blizzard	387
Our Reporter on Governments	395
Convention Footnotes	391
NSTA Sports Events	392
Reserve Board Raises Reserve Requirements	396
Loans by Jones (Editorial)	385
New Tax Bill Becomes Law	398
J. P. Morgan Ineligible	399
N. Y. IBA Group Elects Marks	386

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New York Group of Investment Bankers Ass'n Elects L M. Marks Chairman; Other Officers

Laurence M. Marks, of Laurence M. Marks & Co., was elected chairman of the New York Group of the Investment Bankers Association of America at its annual meeting held at the Bankers Club. He succeeds Frank E. Gernon, of Hayden, Stone & Co. Frank M. Stanton, of The First Boston Corporation, was elected vice-chairman, succeeding Mr. Marks in that post, and Hearn W. Streat was re-elected secretary-treasurer.

In addition to the new officers, the following were elected members of the Executive Committee: for three-year terms, A. Glen Acheson, as F. S. Moseley & Co., and Frank A. Willard, of Reynolds & Co.; for the two-year term, Henry Herrman, of Henry Herrman & Co. Mr. Gernon, as the retiring chairman of the group, will be an ex-officio member of the committee, as will Henry H. Egly, of Dillon, Read & Co., and John J. McKeon, of Chas. W. Scranton & Co., New Haven, Connecticut, Governors of the Investment Bankers Association.

Under Mr. Gernon's leadership, the New York group during the past year has conducted a public information campaign with representative speakers explaining the purposes and methods of investment banking to audiences in New York, New Jersey and Connecticut. Addresses have been made before 33 organizations including the Chamber of Commerce of the State of New York, the Manufacturers Association of Syracuse, the New York Chapter, American Institute of Chemical Engineers, and the Connecticut Association of Credit Men. Representatives of the New York group are scheduled to address eleven more such audiences before the end of the year. The program of explaining the functions of investment banking will be continued under the direction of the newly elected chairman, who takes office at the close of the Investment Bankers Association convention in December.

Laurence M. Marks

Hearn W. Streat

Frank M. Stanton

C. F. Hazelwood Now E. H. Rollins V.-Pres.

E. H. Rollins & Sons Incorporated, 44 Wall Street, New York City, announced the election of Charles F. Hazelwood as Executive Vice-President and a Director, effective October 1st.

For the past twenty years Mr. Hazelwood has been associated with the New York office of Estabrook & Co., members of the New York and Boston Stock Exchanges. For the last twelve years he has been a partner of that firm.

Merrill Lynch Absorbs Dobbs, Crowe in L. A.

LOS ANGELES, CALIF.—Merrill Lynch, Pierce, Fenner & Beane announce that the stock brokerage business heretofore conducted by Dobbs, Crowe & Co. of Los Angeles, Calif., has been consolidated with their business as of Oct. 1, 1941. Walter V. Dobbs, Earle E. Crowe and Gerald G. Stewart have become associated with Merrill Lynch, Pierce, Fenner & Beane as of the same date.

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Mo. Utility Securities Stocks Is Offered

Public offering of 14,000 shares of preferred stock (par $100) 5% Series, and 125,000 shares of common stock (par $1) was made Sept. 29 by Dillon, Read & Co. and associates. The preferred stock was priced at $99 plus accrued dividends and the common stock at $13.50 per share. The sale of these issues, together with the sale of a new issue of $3,150,000 of first mortgage bonds Series A, 3½%, due June 1, 1971, purchased by Dillon, Read & Co., and resold to the Equitable Life Assurance Society of the United States at a price of 104¾ plus accrued interest, represents completion of one of the steps in the integration of Community Power & Light Co. under the Public Utility Act of 1935. The sale of the three classes of securities will complete divestment of control of the company by Community Power & Light Co. It is expected that the sale of bonds, preferred and common stock of Black Hills Power & Light Co., which represents the second step in Community's integration program, will follow soon.

Associated with Dillon, Read & Co. in the underwriting of the preferred and common shares are: A. C. Allyn & Co., Inc.; Francis, Bro. & Co.; Glenny, Roth & Doolittle; Graham, Parsons & Co.; Johnston, Lemon & Co.; Edward D. Jones & Co.; Kidder, Peabody & Co.; Laurence M. Marks & Co.; Metropolitan St. Louis Co.; Newhard, Cook & Co.; Newton, Abbe & Co.; Paine, Webber & Co.; Rauscher, Pierce & Co., Inc.; Reinholdt & Gardner; Riter & Co.; Robinson, Rohrbaugh & Lukens; E. H. Rollins & Sons, Inc.; L. F. Rothschild & Co.; I. M. Simon & Co.; Stern Brothers & Co.; Stifel, Nicolaus & Co., Inc.; Stix & Co., and Whitaker & Co.

First Boston Corp. Wins Hayden Tourney

A golf team representing The First Boston Corporation won the nineteenth annual Charles Hayden Memorial Trophy Tournament. The team's victory, with a score of 322 gives the firm possession for one year of the trophy donated by the partners of Hayden, Stone & Co. as a memorial to the late Mr. Hayden. The tournament was played over the course of the Oakland Golf Club, Bayside, L. I., and brought together more than 170 golfers representing 41 Wall Street investment houses.

For second place, Hemphill, Noyes & Co. and Reynolds & Co. tied with a score of 327, and third place went to Estabrook & Co. with a score of 333.

Members of the winning team were: Phillips Barbour, captain; Nevil Ford, Charles Glavin and Thomas Walsh.

With a low gross of 71, Thomas Walsh of The First Boston Corporation took individual honors. In runner-up position was J. J. Dreyfus of Merrill Lynch, Pierce, Fenner & Beane with a score of 74.

After the tournament the bankers attended a dinner at the club at which the team and individual trophies were awarded. W. Halsted Taft, of Hemphill, Noyes & Co., was chairman of the tournament committee and Frank Gernon of Hayden, Stone & Co. was toastmaster at the dinner.

Nelson Opens New Dept At Strauss, Phillips

Strauss, Phillips & Co., 120 Broadway, New York City, Members New York Stock Exchange, announce the opening of an Unlisted Security Department under the management of George Nelson, formerly of George Nelson & Co.

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Springfield Branch For Barrett Herrick

SPRINGFIELD, MASS.—Barrett Herrick & Co., New York underwriting house, has opened an office here in the Third National Bank Building under the management of George M. Jasper. Associated with Mr. Jasper is John F. McGowan. Both were formerly connected with Seybolt & Seybolt, Inc.

Townsend, Graff Adds H. Smith & T. Crowley

Townsend, Graff & Co., 120 Broadway, New York City, members of the New York Stock Exchange, announce that Herbert D. Smith and Thomas J. Crowley have become associated with them. Mr. Crowley in the past was a partner in Atterbury & Crowley.

Of Interest to Dealers

Easily comparable earnings figures for most major railroad systems for August and the first eight months of 1941—together with some interesting suggestions—are contained in the October 4th Railroad Bond Letter issued by Leroy A. Strasburger & Co., 1 Wall Street, New York City. Copies are available to dealers on request.

Am. Cyanamid Interesting

The current situation in 5% Cumulative Preference Stock of the American Cyanamid Company offers interesting possibilities according to a circular prepared by Bristol & Willett, 115 Broadway, New York City, from whom copies of the analysis may be had upon request together with the October issue of their Over-the-Counter Review.

Huff Visiting New York

John C. Huff, president of Butler-Huff & Co. of California, is visiting in New York City for a few days making his headquarters at Huff, Geyer & Hecht, Inc., 67 Wall Street. He plans to stop off at several cities en route to the Coast.

Tomorrow's Markets Walter Whyte Says—

On technical indications only the market looks as low as it should be, but if the public is in earnest about selling it may be another story; anyhow reaction has taken a great deal out of the market, and now it must undergo another building up process; for details see below

By *WALTER WHYTE*

The ink was hardly dry on last week's column when the market reared up and shoved my optimistic words right down my throat. Serves me right too. I shouldn't have pulled that old chestnut "do-you-think-it'll-stop-raining-it-always-has" stuff to carry a point.

That's the market for you. I say nice things about it and it pins my ears back. I'm afraid to think what would happen if I said un-nice things.

Some people claim that it's the war in the east that's to blame. Maybe it is. All I know is that the market can't go up when the Reds are licking the be-jabbers out of the Nazis but runs like a scared rabbit when it's the other way round. Yet who am I to argue about reasons? If it's reasons you want here is still another to pin the reaction on the Morgenthau 6% tax statement.

When that came over the wires it had everybody running around in circles. Everybody began asking, "what'll happen to Steel? or Telephone? or General Motors?" Obviously these were rhetorical questions, for "everybody" knew the answers; they were going down. Anybody could tell you that and did, at the drop of a hat. Any other answer was, to hear them tell it, out of the question.

What people—at least those who sit in board rooms—wanted was a gentle shove in

(*Continued on page 396*)

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H. Blizzard Elected President of NSTA; Other Officers; It is Cleveland for 1942

Herbert H. Blizzard of Philadelphia, head of the firm of Herbert H. Blizzard & Co, was elected president of the National Security Traders Association at the final business session of the organization's eighth annual convention in New Orleans. He succeeds Thomas A. Akin of Akin-Lambert Co., Los Angeles.

Joseph W. Sener, of Mackubin, Legg & Company, Baltimore, was elected first vice-president, and William Perry Brown, of Newman, Brown & Co., Inc., New Orleans was chosen second vice-president of the Association. Other officers elected today were Bert F. Ludington, of Watling, Lerchen & Co., Detroit, secretary, and Chester M. Glass, Jr., Bankamerica Company, San Francisco, treasurer.

The convention committee selected Cleveland, Ohio, as the city where the Traders' annual gathering will be held in 1942.

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Joseph W. Sener

Wm. Perry Brown

B. F. Ludington

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DIVIDEND NOTICES

CANCO AMERICAN CAN COMPANY

COMMON STOCK

On September 30th, 1941 a quarterly dividend of one dollar per share was declared on the Common Stock of this Company, payable November 15th, 1941, to Stockholders of record at the close of business October 24th, 1941. Transfer Books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

Electric Bond and Share Company

$6 and $5 Preferred Stock Dividends

The regular quarterly dividends of $1.50 per share on the $6 Preferred Stock and $1.25 per share on the $5 Preferred Stock of the Company have been declared for payment November 1, 1941, to the stockholders of record at the close of business October 6, 1941.

L. B. WIEGERS, Treasurer.

NATIONAL DISTILLERS PRODUCTS CORPORATION

The Board of Directors has declared a regular quarterly dividend of 50¢ per share on the outstanding Common Stock, payable on November 1, 1941, to stockholders of record on October 15, 1941. The transfer books will not close.

THOS. A. CLARK
September 25, 1941 TREASURER

Wall St. Riding Club Elects New Officers

Burton Wander, of J. S. Bache & Co., was elected president of the Wall Street Riding Club at the annual election held at the Club's ride headquarters, Aylward's Academy, 7 West 66th Street, New York City. Mr. Wander becomes the third to head the Club, as the first president, Jesse Gordon, of Kuhn, Loeb & Co., served four terms, and Gerhard Struckmann, of the Bank of Manhattan, served two. Mr. Wander, while holding the office of vice president and director, also served as chairman of the membership and publicity committees. Other officers chosen at the election were Joseph Landsberg, of Brickman, Landsberg & Co., as vice president and treasurer, and Miss Frances Weller, of Harry Downs & Co., as secretary. Miss Marie Cambridge, of Marsh & McLennan, Inc., and Jesse Gordon, of Kuhn, Loeb & Co., were reelected directors to serve two years.

The Club will inaugurate its seventh season on October 3 with a reunion party at its ride headquarters. Moving pictures taken during the Club's summer season will be shown. During its existence, these equestrians from the financial community have held annual benefit horse shows for the Tribune Fresh Air Fund and the Police Memorial Fund.

Ellis Harris Now With Stephenson Leydecker

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Ellis M. Harris has become associated with Stephenson, Leydecker & Co., 1404 Franklin Street, Oakland, Calif. Mr. Harris was formerly manager of the Commodity Department of Walston & Co. and prior thereto was with Dean Witter & Co. and Slaughter & Russell in Oakland.

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Sees Utility Program Increasing Trading

There will be opportunities for increased trading in public utility securities during the next few months as a result of the utility integration program, William H. Duff, specialist in the analysis of public utility securities and senior partner of Duff and Phelps, Chicago, told the members of the National Security Traders Association at their convention in New Orleans. Mr. Duff led the discussion at the convention's corporate forum with a talk on "Evaluation of Preferred Stocks."

The trading opportunities will arise from the exchange or conversion of public utility holding company stocks and bonds into securities of public utility operating companies under the so-called death sentence provisions of the Public Utility Act of 1935, according to Mr. Duff

Mr. Duff also told the traders that it was necessary for them to understand the philosophy of the government bureaus which control security trading in order to judge the market value of securities properly at the present time.

"Quite frequently the market will be bearish immediately upon the announcement of a (governmental agency) decision when, in fact, the policy announced will be very constructive for the long pull," Mr. Duff said. "Most of you traders are nervous, highly-excitable, quick-acting chaps and I wonder sometimes if your dislike of the things that have been done by the New Deal in Washington has not prejudiced you to some of the things that are done which are constructive from the standpoint of investors."

McCullough Wins NJ Club Banner Prize

One hundred and fifty members attended the annual Fall Field Day of The Bond Club of New Jersey, at the Essex County Country Club, West Orange, N. J. The banner prize, a 1942 Plymouth special deluxe sedan, was won by Stanley McCullough of Stanley McCullough & Co., Newark. First honors in the golf tournament were won by Martin Issler of East Orange with a low gross of 75.

The Fall Field Day was conducted by a committee headed by Courtlandt B. Parker, of R. W. Pressprich & Co.

Kuechle, Redfield Now With Sills, Troxell

(Special to The Financial Chronicle)

CHICAGO, ILL.—Manuel G. H. Kuechle has become connected with Sills, Troxel & Minton, Inc., of 209 South La Salle Street. Mr. Kuechle was formerly an officer of Distributors Group, Inc., New York, in charge of the Chicago office and was president of the local corporation, Distributors Group, Inc., of Illinois.

Clayton Hamill Redfield has also become associated with Sills, Troxell & Minton. He was previously with Webber, Darch & Co. and in the past was an individual dealer in Chicago.

TRADING MARKETS IN OBLIGATIONS OF:

The Port of New York Authority

•

Triborough Bridge Authority

JACKSON & CURTIS
ESTABLISHED 1879

PERSONNEL ITEMS

If you contemplate making additions to your personnel, please send in particulars to the Editor of the Financial Chronicle for publication in this column.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Francis J. Poirier** has been added to the staff of **Trust Funds, Inc.,** 89 Broad Street.

(Special to The Financial Chronicle)

CHICAGO, ILL.—**Harold Long,** formerly with Royal Securities Corp., Ltd. of Montreal, is now connected with **McMaster Hutchinson & Company,** 105 South La Salle Street.

(Special to The Financial Chronicle)

DETROIT, MICH.—**Corbin F. Ellis** is now connected with **C. G. McDonald & Co.,** Buhl Building. In the past he was with Continental Fund, Diversified Fund, Inc., and D. L. Pardee & Co.

(Special to The Financial Chronicle)

Fresno, Calif.—**Edward Mittelman** has become associated with **Davis, Skaggs & Co.,** whose main office is located at 211 Montgomery Street, San Francisco. Mr. Mittelman was formerly local manager for Edgerton, Bourne & Co.

(Special to The Financial Chronicle)

LOS ANGELES, CALIF.—**William H. Bluhm,** formerly with Searl-Merrick Co., has joined the staff of **Bankamerica Company,** 650 South Spring Street.

(Special to The Financial Chronicle)

LOS ANGELES, CAL.—**Frank Preston** has been added to the staff of **G. Brashears & Co.,** 510 South Spring Street.

(Special to The Financial Chronicle)

LOUISVILLE, KY. — **Garrett Fisher Hampton** has become associated with **Merrill Lynch, Pierce, Fenner & Beane,** Heyburn Arcade Building. He was previously with W. L. Lyons & Co. and Henning Chambers & Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN. — **Armond E. Laird** has become affiliated with **C. D. Mahoney & Co.,** Roanoke Building. In the past he was with Paul Brown Co., Associated Distributors and Charles A. Fuller Co.

(Special to The Financial Chronicle)

MINNEAPOLIS, MINN.—**Ralph W. Lambert, James M. Wallace, Jr.,** and **William B. Webster** have become associated with **Merrill Lynch, Pierce, Fenner & Beane,** 704 Marquette Ave. All were formerly with Paine, Webber & Co.; Mr. Lambert was in charge of municipals in the Paine, Webber St. Paul office.

(Special to The Financial Chronicle)

SAN DIEGO, CALIF.—**Marjorie M. Miller** has been added to the staff of **Bankamerica Company,** 625 Broadway.

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Evan George** has become associated with **Davis, Skaggs & Co.,** 211 Montgomery Street. Mr. George was previously with Stewart, Rice & Ducato and its predecessor, Dickey & Co. In the past he was an officer of W. H. Taylor & Co., Ltd .

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—**Frank Langstroth** has joined the staff of **Protected Investors of America,** Russ Building. He was previously with Wilson, Johnson & Higgins and prior thereto with Norman B. Courteney & Co.

(Special to The Financial Chronicle)

SEATTLE, WASH. — **Terrance Thompson,** for the past twelve years with Conrad, Bruce & Co., has become associated with **Harris, Lamoreux & Norris, Inc.,** Hoge Building.

(Special to The Financial Chronicle)

WICHITA, KANS.—**Severin E. Schmidt** has been added to the staff of **Brooks-Milburn, Inc.,** 305 East William Street.

Lose Your Camera?

At the National Security Traders Association Convention in New Orleans our representative found a camera which one of the celebrants had forgotten. If the loser will forward a description of his camera, The Commercial & Financial Chroncile will be glad to return it to him.

C. W. Schlieckert Is With Bond & Goodwin

(Special to The Financial Chronicle)

CHICAGO, ILL.—Charles Walter Schlieckert has become associated with Bond & Goodwin Incorporated of Illinois, 209 South La Salle Street. Mr. Schlieckert for many years was vice-president of A. O. Figge & Co.

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SEC Dealer-Broker Registrations

The following applications for registration as brokers and dealers have been filed with the Securities and Exchange Commission on the days indicated:

September 8, 1941—Geo. Austin, S. 106 Madison Street, Spokane, Wash., George Austin, proprietor.

September 9, 1941—Raymond Louis McGuinness, 40 Main Street, Oneonta, N. Y., a sole proprietorship.

September 12, 1941—Joseph Fischer, 112 West 38th Street, New York, a sole proprietorship.

September 13, 1941—W. A. Hennessy & Co., 24 Federal Street, Boston, Mass., William A. Henessy, sole proprietor.

September 15, 1941—P. Z. Kohler Co., 840 Montgomery Street, Brooklyn, N. Y., Philip Zena Kohler, sole proprietor; Homer Tate, oil royalty dealer, Room 13, Miller Building, Lake Charles, La., a sole proprietorship; R. H. Tate, an oil royalty dealer, Room 16, Arcade Building, Lake Charles, La., Richard Homer Tate, sole proprietor.

DETROIT

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Baxter at Shillinglaw Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—John Baxter has become affiliated with Shillinglaw, Crowder & Co., Inc., 120 South La Salle Street. Mr. Baxter was formerly with Shields & Co. and Hammons & Co. In the past he was a principal of Bartlett-Baxter & Co.

Defaulted RR Bond Index

The defaulted railroad bond index of Pflugfelder, Bampton & Rust, 61 Broadway, New York City, shows the following range for January 1, 1939 to date: High—34⅚, low—14¾, last 32⅝.

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Credit Banks Offer 5/8% Debenture Issue

The Federal Intermediate Credit Banks recently sold, through a public offering, $26,955,000 ⅝% consolidated debentures dated Oct. 1 and due July 1, 1942. The offering was made at a slight premium, through Charles R. Dunn, New York, fiscal agent for the banks. It is said that the sale met with the usual good demand, particularly from the west and middle-west.

In addition to the public sale, $1,500,000 of the same issue was sold privately within the Farm Credit Administration system which also purchased a $500,000 issue of debentures dated Oct. 1 and due Dec. 1, 1941, and a $2,500,000 issue dated Oct. 1 and due Jan. 2, 1942.

The Banks sold, therefore, an aggregate of $31,455,000 debentures and since $36,200,000 mature Oct. 1, the outsanding will be reduced on that date by $4,745,000. An additional $500,000 debentures were recently paid off prior to maturity out of funds on hand, and so the amount remaining outstanding Oct. 1 will aggregate $240,615,000 or $5,245,000 less than a month earlier.

Polk-Peterson Accused

The Securities and Exchange Commission has instituted proceedings against Polk-Peterson Corporation, Des Moines, Iowa, investment dealers, for revocation or suspension of its registration as a broker-dealer. A hearing has been set for October 20th at the Commission's regional office in Chicago to determine the validity of charges that the firm had hypothecated securities carried for the account of customers, following disclosures in Washington hearings that the firm was insolvent earlier this summer when it arranged for the purchase of gas companies at Independence, Iowa, and Le Mars, Iowa.

The Commission charged that information placed before it tended to show that "the registrant in the sale of securities by the use of means and instruments of transportation and communication in interstate commerce and by the use of the mails employs devices, schemes and artifices to defraud and engaged in transactions, practices and a course of business which would and did operate as a fraud and deceit upon the purchasers in willful violation of Section 17 (A) of the securities act of 1933."

TRADING MARKETS IN
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RAILROAD REORGANIZATION SECURITIES

RAILROAD SECURITIES

One of the features of the railroad stock market in recent weeks has been the particular weakness of investment and semi-investment issues during the period when speculation over the possible wage increase has been the dominant market factor. There has been periodic nervousness in the speculative groups in sympathy with external developments that have upset the entire stock market, but nothing like the consistent pressure that has been exerted on such stocks as Chesapeake & Ohio, Great Northern, Union Pacific, Pennsylvania and Virginian these shares, all of which are dividend payers, are selling only fractions to a maximum of two points above 1941 lows. In contrast, such stocks as Southern, Southern Pacific, "Coast Line," Illinois Central, etc., are selling from about 50% to almost 100% above the year's poorest levels.

The disappointing action of the income producing equities may be traced directly to the wage controversy. The normal demand for such issues comes from investors with whom income is a primary consideration and the possibility of price enhancement is secondary. These buyers are not interested in making new commitments when there is a possibility that impending wage increases may jeopardize future dividend payments. It is not sufficient that present business and traffic levels are high enough to absorb the wage increase without endangering current dividends. They take the long view, and want more assurance that traffic declines from recent extraordinary leevels will not bring immediate cessation of dividends. There is, therefore, no support for the modest liquidation during this period of negotiation.

The investment philosophy behind the buying of Southern Pacific, Atlantic Coast Line and others of the same class is entirely different. By far the greatest interest in these stocks is from traders for short or intermediate term speculation. Their primary aim is price enhancement with little thought to dividend payments, and certainly no illusions as to permanency of income even if some irregular disbursement is made in individual cases.

To this section of the buying public the wage question does not loom as serious a threat. Traffic and earnings are on a high base and are expected to continue so for an indefinite time to come. Any wage increase will naturally cut into prospective profits but will have little influence on 1941 results. Also, even allowing for wage increases of reasonable proportions (even as much as 15%) most of the stocks in the speculative group are still selling on a high price-earnings ratio.

There is a conviction that the most pessimistic wage possibilities are discounted in present prices and that resolving of the uncertainties should bring a sharp rally. Interesting price possibilities with a minimum of risk bring considerable consistent support into this section of the list that is absent in the investment section.

When the wage question is settled, and regardless of how it is settled, it seems logical to look for a quickening of interest in the investment issues. It will then be possible to evaluate the potential longer term effect on basic earning power, of the higher pay rolls, and arrive at a more reasonable estimate of the probable influence on long term dividend policies prices will then adjust themselves to a level considered as affording an adequate longer term income return. Naturally, this group would benefit the most, at least psychologically, from any wage compromise gearing the increases to the level of earnings.

Union Pacific is the only road in the group whose recent dividend rate might theoretically be questioned at current business levels even if the wage increase should amount to as much as 15%. Estimating 1941 earnings and then deducting 15% of total 1940 payrolls, Standard & Poors finds that Chesapeake & Ohio could still earn $3.70 a share, Great Northern $5.75 a share, Pennsylvania $2.45 a share, Union Pacific $3.95 a share and Virginian $3.50 a share. Results of Union Pacific, however, would not be expected to decline to such a low level as the maintenance rate has always been unusually high and the company could also readily take in larger earnings from its oil properties.

Railroad
Reorganization
Securities
(When Issued)

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Canadian Utilities 5s, '55
Calgary Power 5s, 1960
Canadian Int'l Paper 6s, '49
Donnaconna Paper 4½s, 1956
Great Lakes Paper 5s, '55
Int'l Pr. & Paper Nfld 5s, '68
Minn. & Ontario Paper 5s, '60
Montreal Lt. Ht. Pr. 3½s, '56-73
Montreal Tramway 5s, 1941-55
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Bank and Insurance Stocks

This Week — Insurance Stocks

The third quarter of the year is ending on an optimistic note in the William Street community. Premiums continue to flow into the companies at a good rate of gain over 1940 and, with the season of their heaviest loss and expense outgo behind them, the companies are experiencing steady growth in their cash accounts. Most offices are running cash balances equal to or exceeding those of the year-end.

Experienced observers of market action in the insurance list regard the ending of the third quarter as of outstanding importance. Normally they expect three major markets each year. The first and largest market runs pretty well through the first quarter of the year and of course is based on the publication of annual statements. It is the time of the year when the public can ascertain fully and in detail the result of the previous year's work and revise its appraisal of relative share values.

About June 20 when semi-annual results can be accurately estimated by company officials, a new burst of activity occurs with price changes being based on good or bad results for the first half of the year as revealed by those in possession of information regarding them. This market usually continues until about the first of August when the vacation season puts an end to committee meetings and other discussions of investment activity.

Third quarter results reach the front office about the 25th of October and it is then that insiders are in position to estimate the market effect of the impending release of annual statements. The market that develops along toward the 15th of November is therefore a fairly dependable indication of price trends to be expected with the completion of annual reports.

For the past five years international affairs have become so important in their market influence that they are not to be disregarded when considering the market action of insurance stocks. Such influences are distinct from intrinsic values, earnings and the performance of company management generally.

Recently a new market influence has developed out of the growing public discussion of inflation and its many sided possibilities. Since all authorities seem to agree that, in the event of a sharp loss of purchasing power by the dollar all invested capital suffers but that—on the record—capital invested in fire insurance stocks suffers least, it is natural that shares of the best grade insurance companies are attracting the attention of investors who have heretofore not been familiar with their characteristics.

Whether this new type of buying represents a flight of capital toward securities offering the best protection against the ravages of inflation or whether it represents simply a growing recognition of the value to the investor of a business which has always operated as a system of slow and tedious accumulation combined with cautious and painstaking compounding of savings, the great likelihood is that uninitiated investors will tend to over-complicate insurance company figures in their search for the true meaning of company statements.

The fact is that there is no business whose reports are so complete. In examining a company's results, no application of higher mathematics is necessary nor anything beyond an ability to understand the fundamental nature of the business, namely, that insurance companies operate in a fiduciary capacity. The funds they accept from the public in the form of premiums must be held in reserve until earned without deduction of acquisition cost or any other expense and they are earned only when the policy for which the premium was charged has expired.

No other industry of equal size has ever followed accounting practices of corresponding severity and it is probably this fact that tends to confuse new students of insurance company practice. The need of the companies to grow with the country and the determination of quality management to defend loss paying ability at all costs were responsible for the adoption of accounting methods which, while primarily operating in the interest of policyholders, are equally of benefit to stockholders.

Fortunately the present situation finds the industry in no need of fresh capital so that there is little likelihood of a recurrence of the wave of promotion of new companies brought on by the 1926-29 period of prosperity. There is, however, a disposition to consider only the shares of companies most conspicuous in the market and to overlook issues of equal soundness and profit-making ability which are less well advertised.

Because the business of insurance companies in this country is produced through a system of agency representation, individual companies have very little latitude in developing new and revolutionary methods. Both in the production of business and settlement of losses they are forced into cooperative action. Management character varies in many ways but in its essentials differs only slightly. New investors in insurance shares, by distributing their investment over a number of issues, accomplish a diversification not only of securities held in portfolio but also of business in force. A diversification in one is as important as in the other.

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"Petroleum on Parade"

A very attractive booklet entitled "Petroleum on Parade—The March of Civilization" has been compiled by Tellier & Company, 42 Broadway, New York City, members of the Eastern Oil Royalty Dealers Association. The booklet, attractively illustrated, discusses the place of oil in the world of today, shows interesting diagrams of oil wells, gives tables of crude oil production, and describes what oil royalties are.

Copies may be obtained from Tellier & Company on request.

The Securities Salesman's Corner

It is our desire to develop this column into a clearing house for ideas. If we could pass along some things that the other fellow is doing which is helping to meet present-day conditions it no doubt would be of some interest to all concerned. In this connection, we would sincerely appreciate your comments or criticisms and any suggestions you might wish to send along.

Using a "Special Situation" to Open New Accounts

Selling anything costs money and securities have to be sold just the same as most other commodities. The more efficient the sales effort expended, however, the better off are all concerned. The investor benefits through doing business with a securities dealer whose organization is functioning properly, and therefore should be the recipient of better advice and service. The salesman and the dealer, likewise, are the beneficiaries of more income and they also enjoy the intangible satisfaction which goes hand in hand with "doing a job well."

There are, of course, many individual investors who use their broker or dealer strictly for the purpose of supplying statistical information and the mechancial services of buying or selling securities of their own selection. This group, nevertheless, comprises a small minority of the millions of American citizens who own securities. Institutions, by and large, are also in the class of securities buyers, who primarily use their own ideas and judgment in the supervision of their investments.

Among the salesmen and the dealers who are primarily interested in contacting individual investors, however, we believe that there would be general agreement that, too often, many months of patient effort have been expended on a list of prospects, where the final result has only ended in too large a proportion of the names being discarded without the successful consummation of any orders.

After all, what good does it do the investor, the salesman, or the dealer, if the salesman presents an undervalued and attractive security; and the prospect fails to buy it, although some months later, the same security increases materially in market value. In this case, everyone loses. On the other hand, if the salesman had been able to convince his prospective client that he should have bought the security in question, everyone would have benefited.

So, why not capitalize upon this very inertia in order to produce "action?" The first step is to select those prospects who are profit-minded (and the majority of individual securities buyers are profit-minded, whether they will admit it or not). Next, lay a foundation in prior calls, based upon discussion of the firm's abilities in selecting special situations. This must done in a convincing manner, and of course, should be backed up by past performance records that speak for themselves. The closing of a sale is the next logical step. Given a situation that has real promise, where the salesman himself is thoroughly sold on the possibilities, he again calls upon the prospect WITH THE SPECIFIC PURPOSE of presenting an OPPORTUNITY.

If a list of prospects is cultivated in this manner, WHERE A GOAL HAS BEEN ESTABLISHED AND A DEFINITE IDEA HAS BEEN PLACED IN THE PROSPECT'S MIND THAT SOME DAY, HE TOO, MIGHT BE ABLE TO PICK UP A SLEEPER, MAKE SOME MONEY, OR HAVE A CONNECTION WITH A SECURITIES FIRM AND A SALESMAN WHO BY THEIR ALERTNESS, INTELLIGENCE, AND KNOWLEDGE OF SECURITIES CAN HELP HIM, THEN MORE NEW ACCOUNTS WILL BE THE LOGICAL RESULT.

Attractive Utility

The current situation in Consolidated Electric & Gas Co. Collateral Trust 6s (due August 1, 1962) is particularly interesting, according to a memorandum issued by G. A. Saxton & Co., Inc., 70 Pine Street, New York City, since this holding company has no possibility of being "integrated" under the Public Utility Holding Company Act. Although the Company is a first degree holding company, the memorandum states, it has a very complex financial structure which needs to be simplified and no single integrated system of sufficient size to support a consolidated funded debt could be built around any unit in the system as now constituted, so that liquidation is the only course that can be taken under the Holding Company Act. The corporate structure is being simplified through the sale of properties, the memo continues, facilitating a larger flow of earnings from the subsidiaries to the parent company—investment return from the bonds at present prices should be about 8.50% on a "current yield" basis.

Copies of the memorandum and further information may be obtained upon request from the statistical department of G. A. Saxton & Co., Inc.

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Lease-Lend Aid to Haiti

An agreement providing for lease-lend aid to Haiti was signed in Washington on Sept. 16 by Secretary of State Cordell Hull and the Haitian Minister, Fernand Dennis. According to the United Press, the United States will send $1,100,000 worth of defense materials to Haiti, which will pay for them later by shipments to the United States of sugar, coffee, rubber and other Haitian products.

In his second lease-lend report to Congress on Sept. 15, President Roosevelt mentioned that "we have already embarked upon a comprehensive program of material aid to the countries of Central and South America to strengthen the common defense of our good neighborhood."

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NEW SOUTH WALES
(ESTABLISHED 1817)

Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000

Aggregate Assets 30th Sept., 1940 £143,903,000

SIR ALFRED DAVIDSON, K.B.E.,
General Manager
Head Office: George Street, SYDNEY

The Bank of New South Wales is the oldest and largest bank in Australasia. With over 870 branches in all States of Australia, in New Zealand, Fiji, Papua and New Guinea, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.

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Write for Insurance Memos

Brief but comprehensive memorandums on Hartford Steam Boiler Inspection & Insurance Co., American Home Fire Assurance Co., Northeastern Insurance Co., American Equitable Assurance Co., American Re-Insurance Co., Occidental Insurance Co., Home Fire & Marine Insurance Co., and General Reinsurance Corporation, have been prepared for distribution by Mackubin, Legg & Co., Redwood & South Streets, Baltimore, Md. Copies of these interesting leaflets may be obtained by writing to the firm's Bank and Insurance Stocks Department.

Convention Footnotes from Down N. O. Way—Low-down on Highlights at Traders Gala

Our inquiring reporter gives you further side-lights on the National Security Traders Association Convention "way down yonder in New Orleans":

Ninety-nine lady conventioneers registered.

Wm. Perry Brown, Newman, Brown & Co., Inc., New Orleans, General Chairman of the Convention Committee was presented with a leather Pullman case as a token of appreciation for his work.

Mrs. Ora M. Ferguson, Merrill Lynch, Pierce, Fenner & Beane, Louisville, Ky., was the Chairman of the Committee at Louisville party. Her compacts for the ladies showing the map of Kentucky on their covers made them a most welcome and unique gift to take back home.

Chester M. Glass, Jr., Bankamerica Company, San Francisco, (and we vouch for this as a true one) was in the Coffee Shop of the Hotel Roosevelt having breakfast with a bunch of the boys when a bell boy came in and asked for him—handed over eighty to Chet saying it was left in his trousers when he sent them to be pressed. **Jerry Tegler** at this point exclaimed, "Migawd—and he's our new treasurer!"

The Gala Dinner was given a gay New Orleans touch with fifteen sweet things hand-picked by **F. B. Breckinridge**, Whitney National Bank, head of the entertainment committee—and, boy, can he pick 'em.

Harry C. O'Brien, Katz & O'Brien, Cincinnati, Ohio—

Last night of Convention he
said,
With his hands tightly clasped
to his head,
"The party, oh boy,
"I'll remember with joy,
"But my stomach will cheer
when I'm dead."

Perry Brown, Newman, Brown & Co., New Orleans, when asked by **Stanley S. Carothers**, Hyams, Glas & Carothers, New Orleans, for the visiting traders, if there was a bar on the sight—seeing steamer, replied, "We have made arrangements to serve free drinks on board and ample provisions for life preservers, too."

Walter D. Kingston, Lamar, Kingston & Labouisse, New Orleans, won the bottle of champagne offered by the Arthur Murray dancers at the Roosevelt Hotel Grill for the best Waltz—nice going, Wally.

Bert H. Horning, Stifel, Nicolaus & Co., St. Louis, took his steam bath on the top deck of the excursion boat. Next time don't sit under the whistle, Bert.

Mrs. Herbert C. Irish, wife of **H. C. Irish**, Fairman & Co., Los Angeles, gave a champagne party for all the seventeen in the Los Angeles group and their friends—also gave away to a lucky few bottles of sherry. Nice way to sell Los Angeles.

Rita Stem Reynick, 7933 Willow Street, New Orleans, is the guide to show you the city. All the twenty-five men agree she did a swell job of showing them the French Quarter.

Charles C. King, The Bankers Bond Co., Inc., Louisville, Ky., one of the "Three Kings," at the Convention is to be complimented on his generosity in giving pictures to the groups. Snapped at the Louisville, Ky., party and delivered at New Orleans by Charlie in person is some service.

Johnny Walsh, Berwyn T. Moore & Co., Inc., Louisville, Ky., gave out a very spicy card to the boys headed: "Hi, Fella! If you missed this card, write and get one. It's Good."

George E. Lestrange, Moore, Leonard & Lynch, Pittsburgh, Pa.—Believe it or not, George was the only one here from Pittsburgh:

Jack Hecht, Butler, Huff & Co., Los Angeles—caught up on his sleep on the boat ride and earned the title of "Sleeping Beauty."

James N. Russell and wife—Gillis, Russell & Co., Cleveland, Ohio—the most active and happy conventioneers. This goes for the train trip too. Jimmy, what's the secret of your pep.

W. Perry McPherson, Walker, Austin & Waggener, Dallas, takes the cake for picking out the most attractive corsages for his beautiful wife. Such a thoughtful husband at a Convention!

L. H. Jacobs, Superintendent of Postal Telegraph-Cable Co., New Orleans, set up a huge billboard in the lobby of the Hotel on which all the names and room numbers of the NSTA members appeared; as they registered the operator pasted their names on the board which was made to resemble their blank—a straight alphabetical roster of all the members helped a great deal.

John P. Corrigan, Brown Corrigan & Co., New Orleans, told this one at Lakewood Country Club. The Philadelphia boys sent some Philadelphia scrapple to the New Orleans party. On the way home John asked the colored boy to prepare a package of scrapple for him. The boy returned with a big paper bag. John said, "What's all this?" The boy replied, "Say, boss, I thought I would add some rolls, bones, vegetables, etc., for your dog."

Herb Blizzard, Herbert H. Blizzard & Co., Philadelphia, made a fine speech at the Gala Dinner Party. We are sure Herb will make a swell president for you—help him get those new members—don't be slackers.

Arthur Wiesenberger, Arthur Wiesenberger & Co., New York City, told the one about the fellow who sent a post card home from the French Quarter saying, "Having a wonderful time with gorgeous native—wish you were her."

Connie Miller, E. W. & R. C. Miller & Co., Philadelphia, left the train early Sunday evening and insisted on setting one up for all the boys and taking the orders himself—as a sport he's aces, but as a bartender he came out long one brandy, short one martini.

Henry C. Welsh, Jr., Lilley & Co., Philadelphia, looked like Santa Claus struggling onto the train Saturday night loaded with bundles (it was bundles) from a New Orleans shopping tour with his wife.

Gilbert Hattier, Jr., White, Dunbar & Co., Inc., **John P. Corrigan**, Brown, Corrigan & Co., **Charles Lob**, Weil & Co., Inc., officers of the New Orleans Security Traders Association, and the Convention Committee, **Wm. Perry Brown**, Newman, Brown & Co., Inc., **Jos. H. Weil**, Weil & Arnold, **Claude J. Derbes**, Couturier & Derbes, **Fred N. Ogden**, **J. W. Kingsbury**, Kingsbury & Alvis, **R. Jeremy Glas**, Hyams, Glas & Carothers, **F. Prevost Breckinridge**, Whitney National Bank, **Errol E. Buckner**, National Bank of Commerce, and **Ford T. Hardy**, Merrill Lynch, Pierce, Fenner & Beane, are the boys deserving a great big hand for their splendid job on the Convention party.

R. C. Johnson Reopening

Robert Charles Johnson will shortly become engaged in a securities business under the name of R. C. Johnson Company; at present the firm may be reached at 683 East 38th Street, Brooklyn, N. Y. Mr. Johnson was formerly in business in New York City under the same firm name and in the past was connected with Haimes Herman Co. and Redmond & Co.

AFFILIATED FUND
INC.
Prospectus on request
LORD, ABBETT & CO.
INCORPORATED
63 Wall Street, New York

Investment Trusts

Investment Company Briefs

Union Trusteed Funds, Inc. was the first investment trust offered to the public after the passage of the Investment Company Act of 1940. It was brought out just last September and now has assets of more than $850,000 according to a recent letter that was sent to investment dealers from Andrew J. Lord, president of Lord, Abbett & Co., the sponsors.

The following figures show the growth of the fund by quarterly periods:

September 30, 1940	$57,101.78
December 31, 1940	249,756.28
March 31, 1941	482,930.91
June 30, 1941	713,753.22
August 31, 1941	858,736.12

In many older trusts operating expenses were high at inception, and became reasonable only as the trusts grew in size. This has not been the case for Union Trusteed Funds. Special provisions limited the early expenses of the Fund so that the first shareholders would not be penalized. According to Mr. Lord's letter, the actual operating expenses of the trust have amounted to only .7712% of average daily assets on an annual basis—a figure which compares favorably with the records of the biggest and oldest trusts.

Performance of the various series of shares since inception has been very good—especially that of the three bond funds UBA, UBB, UBC. The results for all of the series, without adjusting for dividends were reported as follows in Mr. Lord's letter:

	Initial Date	*Price*	*Price as of 8-31-40*
UBA	9-30-40	22.00	23.12
UBB	9-30-40	15.93	17.12
UBC	6- 2-41	5.49	5.67
UPS	10- 7-40	13.98	14.07
UCSA	10-24-40	12.01	11.32
USCB	12-27-40	6.96	6.42

* * *

A spread from Incorporated Investors distributors, The Parker Corporation, will cover all of the empty space on any man's desk and a lot of the space that isn't empty. It is designed to bring to the dealer's attention the efficiency of the present streamlined management organization of Incorporated Investors which now includes Emerson Wirt Axe and all the facilities of E. W. Axe & Co., Inc.

Interesting to investors will be the back-page summary of stockholders:

122 Educational and Charitable Organizations in 22 States	
Colleges, Schools, Libraries and Educational Foundations	22
Churches and Religious Societies	48
Lodges and Associations	26
Hospitals and Welfare Organizations	26
615 Executors and Trustees in 37 States	
Banks and Trust Companies, as sole or co-executors	30
Individual Executors	84
Trustee accounts (banks and individuals)	501
254 Corporations and Companies in 31 States	
Banks and Trust Companies	25
Insurance Companies	20
Investment Companies	111
Business Organizations	98

and

Over 27,000 Individuals in 48 States

FUNDAMENTAL INVESTORS, INC.
PROSPECTUS ON REQUEST
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PLACE JERSEY CITY • 634 SO. SPRING ST. LOS ANGELES

Is O'Connor-Chesebrough

After the retirement from the firm on September 30th of Thomas J. Lyons, the name of O'Connor, Lyons & Co., 50 Broadway, New York City, members of the New York Stock Exchange, was changed to O'Connor & Chesebrough effective October 1st. Thomas F. Chesebrough, a limited partner in the former firm, became a general partner on the same date.

Republic
Investors Fund, Inc.
Prospectus on request
Distributing Agent
Bull, Wheaton & Co.
INCORPORATED
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MANHATTAN BOND FUND
INC.
PROSPECTUS ON REQUEST
Wholesale Distributors
HUGH W. LONG and COMPANY
INCORPORATED
15 EXCHANGE PL. JERSEY CITY 634 SO. SPRING ST. LOS ANGELES

The Municipal Market

NEW ORLEANS

LOUISIANA
and
MISSISSIPPI
MUNICIPALS

Scharff & Jones
INCORPORATED
Whitney Bldg.
Jackson Miss. NEW ORLEANS Shreveport La.
Bell Teletype—NO 180

It is safe to assume that in the present emergency money rates will remain low and there is little likelihood that the Federal Government will permit them to rise disproportionately after the emergency, Dr. Marcus Nadler, professor of finance at New York University, said last Friday in an address at a luncheon of the Municipal Forum of New York.

Dr. Nadler questioned the necessity of the move by the Board of Governors of the Federal Reserve System in lifting reserve requirements to the legal limit as a means of holding down money rates. He said that most of the loans made by reporting member banks of the Federal Reserve System were contracted for financing national defense projects or to finance the sale of durable consumer goods.

A tightening of money rates which "might follow a reduction of excess reserves," Dr. Nadler added, would make government borrowing more expensive. If excess reserves are further reduced, he said, it would necessitate new taxes or the direct sale of Federal obligations to the ultimate investors, if the government were to take up the slack in bank investments in government obligations.

Concerning the long-range prospects for money rates, Dr. Nadler said that consideration should be given to the fact that there are outstanding about $5,000,000,000 of United States Savings Bonds and national defense obligations, and it is to be expected, he asserted, that the sale of these securities will continue on a large scale.

Maryland Tax Rate Cut 40%

An 8-cent cut in the State tax rate for 1942 and a similar reduction in the levy for 1943 was announced last week by Governor O'Conor. At the same time, the Governor indicated that, barring unforeseen events, he will call a special session of the Legislature to reduce that State income tax rate.

While the slash in the tax on real and personal property will not affect the levy for the current year, the contemplated cut in the income levy would be applicable to 1941 earnings.

The reductions in the 1942 real and personal property levy will cut that tax from 22 cents per $100 to 14 cents, or roughly by forty per cent . For 1943, the rate will be 13 cents per $100, instead of 21 cents, a reduction of approximately forty-five per cent.

Growing revenues of the State, principally from corporation and liquor taxes and the levy on incomes, make the reduction possible in the real and personal property rate and hold forth promises of a substantial cut in the income tax.

When Governor O'Conor took office the State tax rate was 23.35 cents per $100. The State debt was approximately $49,000,000. The debt, at the end of Mr. O'Conor's four-year term, will have been reduced to about $32,000,000.

Maryland Bonds Go Well

Indicative of the currently strong sentiment in the municipal market was the highly successful sale on Tuesday of the $9,000,000 State of Maryland Roads Commission revenue bonds. The award went to a syndicate headed by Smith, Barney & Co., on an interest costs basis of 1.852%, and the entire issue was sold to investors shortly after the public reoffering.

Indiana Reduces State Tax Rate

The state board of finance, composed of the Governor, auditor and secretary of state, saved Indiana taxpayers about $400,000 when it reduced the state property tax rate from 15 cents to 14 cents. Fifteen cents is the maximum permitted by law and for several years the full amount has been imposed regularly despite the fact that at times the general fund has approached $25,000,000. Although this fund's balance has been considerably reduced, its revenue is increasing from various sources. The cut in the state rate applies exclusively to the general fund.

Auditor James and Secretary of State Tucker studied the situation and agreed that some relief should be given to the taxpayers. The Governor voted with them and the cut was officially ordered. While the decrease for 1942 is relatively small, the action of the finance board is at least a start in the right direction.

The general assembly has approved several acts that help to fatten the general fund. It shares in gasoline receipts and gross income tax collections. Within a few years these new sources of revenue may provide all the money the state fund needs and then the tax on property probably will be reduced considerably and might even be eliminated.

Phila. Sewer Rent Plan Ruled Illegal

The Pennsylvania Supreme Court ruled on Monday that Philadelphia's latest sewer rent ordinance was unconstitutional. This ordinance had been passed to finance the $42,000,000 program to build additional branch sewers and to complete the city's sewage disposal plant.

Last October, the high court declared unconstitutional a prior sewer rent ordinance for the same purpose. In each case, the ruling was based on the same general proposition—that the so-called sewer rent was in effect a disguised tax.

The ruling was greeted with regret and disappointment by Acting Mayor Bernard Samuel and City Solicitor Francis F. Burch who announced that they would immediately seek another formula which could pass the test of constitutionality.

Recently, the City Council passed an ordinance under which the citizens would have voted in the November election on the $42,000,000 sewage disposal bond issue. Since there is no reason for this any more, Samuel will veto the measure.

Another Newark Debt Adujustment Plan Offered

FLORIDA

FLORIDA
MUNICIPAL BONDS

Our long experience in handling Florida issues gives us a comprehensive background of familiarity with these municipal bonds. We will be glad to answer any inquiry regarding them at no obligation.

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INVESTMENT SECURITIES
1ST NAT BANK BLDG CHICAGO ILLINOIS

Local Government Commissioner Darby has proposed to Newark officials that $11,054,200 long-term bonds in the city's portfolio could be cancelled finally by using $3,318,155 of its sinking fund surplus.

Meanwhile, Mayor Murphy received recommendations from a special advisory committee he appointed to study 15 refunding programs submitted to him by bond experts.

Darby offered the program gratuitously and declared it could be put into effect by action of the Sinking Fund Commission "without costing the City of Newark a red penny." Effect of the program, Darby said, would be to reduce interest and amortization charges over the life of the bonds by $4,474,668.

Darby sent a letter to Mayor Murphy outlining the program. He declared the plan was possible because "of the sound investment principles followed by the Sinking Fund Commission of the City of Newark for many years past, namely, that of investing sinking funds wherever practicable in term bonds of the City of Newark, for the payment of which the sinking fund was established."

Unlike the program proposed by Arthur N. Pierson, for which the city paid $3,000, Darby's plan does not contemplate issuance of new bonds. Pierson and Norman S. Taber both proposed use of the sinking fund surplus to reduce annual debt service charges but Darby suggests direct cancellation of the bonds. Taber asked $10,060 if his program were adopted.

Total Ohio Debt Shows Large Reduction

Ohio's local governmental units in the last year reduced their aggregate debt by another $24,486,233 to bring the total down to $679,572,888, it is indicated in the report of Joseph T. Ferguson, state auditor. The combined figure contrasts with the all-time high of $976,901,771 reached in 1930 and represents an annual rate of decline of about $30,000,000, the report says.

The state itself has no debt aside from about $12,000,000 owed to the school foundation, which is being liquidated rapidly, the report points out.

At the close of the 1940 year debts of all political subdivisions of the state amounted to $96.38 per capita, it is figured. This compared with $146.97 ten years earlier.

Counties alone reduced their debt at the rate of $7,500,000 annually in the decade. At the end of last year their total of $95,078,000, or $13.76 per capita, compared with $170,320,651, or $25.62 per capita, at the end of 1930, a cut of nearly half.

Largest total debt of any of the local governmental units was that of the city of Cleveland. Its aggregate of $116,502,949, or $141.44 per capita, at the end of 1940 compared with $105,580,000, or $234.01 per capita ten years before.

Cincinnati reduced its debt $27,000,000 in the ten-year period from a peak of $105,580,000, or $234.01 per capita. The 1940 per capita was $171.35.

Illinois Treasury Balance Largest in History

Including regular funds at $82,413,687 and trust funds at $239,102,471, the Illinois treasury balance as of August 31 totaled $321,500,000, largest in history. State Treasurer Warren Wright in making public the report expressed the opinion that the State is "fully prepared to meet any economic letdown that may come."

Texas Plans to Ban Deficit Financing

A proposal to refinance a general debt, currently at $30,000,000 and estimated at $50,000,000 by Sept. 1, 1943, will be submitted to Texas voters at the general election in November.

The proposal involves issuance of 20-year 2% bonds and limitation of legislative appropriations to estimates of revenue made by the State Comptroller. Senator W. Lee O'Daniel, while Governor, proposed the ban on deficit spending.

Oct. 7th

$5,000,000 Boston Metropolitan Dist., Mass.

In Sept., 1937, the district awarded bonds to a syndicate headed by the First National Bank of New York. Runner-up in the bidding was the Chase National Bank of New York, and associates.

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Oct. 9th

$661,000 Onondaga Co., N. Y.

Syndicate headed by Lehman Bros. of New York, purchased the bonds offered last December. Phelps, Fenn & Co., of New York, and associates, second best bidder.

$504,000 Union City, N. J.

This city has not negotiated any recent bond sales.

Oct. 14th

$3,000,000 South Carolina, State of

The most recent issue of long-term State highway certificates of indebtedness was sold last March, the award going to a syndicate headed by Lehman Bros. of New York, out-bidding the Union Securities Corp. of New York, and associates.

Nov. 4th

$1,030,000 Terrebonne Par., La.

This parish has not made any recent sales of bonds.

Large Field of Entrants in Sports Events On NSTA Field Day—Meet the Winners

Wednesday, September 24th, was the grand Field Day of the National Security Traders Association Convention with a large list of entrants in all events.

First place in the swimming meet was won by George F. Opdyke, Ledogar-Horner Co., Cleveland, Ohio—prize a handsome onyx desk set; second place went to William H. Boland, H. B. Boland & Co., New York City, who was presented with a trophy plaque.

Wilbur Hess, received an electric clock as first prize in the tennis matches. Second prize, a Ronson lighter, went to Phillip J. Clark, Amos C. Sudler & Co., Denver, Colo.

The Soft Ball cup was retained by the Cleveland team—with the game called on account of rain. The Cleveland boys will fight on their home grounds next year to retain the cup. (It's Cleveland, for 1942.)

Golf winners and prizes awarded were:

Low Gross—V. T. Low, trophy donated by Union Bank & Trust Co. of Los Angeles; runners-up, Larry E. Shaughnessy, Park-Shaughnessy & Co., St. Paul, Minn., who received a plaque donated by Seattle Bond Club, and Eldridge Robinson, Baum, Bernheimer Co., Kansas City, Mo., who was presented with a bag given by the Wall Street Journal.

Low Net—Frank E. Haas, Rufus Waples & Co., Philadelphia, received first prize, the Journal of Commerce Trophy; M. J. Isaacs of Strauss Securities Co., Chicago, was runner-up, winning a trophy donated by the Florad Security Traders Association.

Low Net—Municipal Men Only—B. Frank Williams, National Bank of Commerce, New Orleans, won the Blue List trophy; George H. Kountz, Einhorn & Co., Cincinnati, received a Mark Cross leather bag given by the "Bond Buyer."

Low Gross, Second Flight—Jack Glenn, Courts & Co., Atlanta, Ga., won a $120 subscription to Fitch Investors Service, donated by Fitch Investors Service; Stanley L. Roggenburg & Co., New York, was runner-up winning Wilson Woods donated by Western Union.

Blind Bogey—A. B. Quirk, M. A. Manley & Co., Detroit, Mich., won the golf bag given by the New Orleans Association.

The Mystery Prize, six silver goblets, given by the local boys of the New Orleans Security Traders Association, was won by Chris J. Newpart, Merrill Lynch, Pierce, Fenner & Beane, Chicago.

Inter-City Match was won by the Cincinnati team—Stan McKie, The Weil, Roth & Irving Co., George H. Kountz, Einhorn & Co., and Robert W. Thornburg, W. C. Thornburg Co. The prize, a cup donated by the National Quotation Bureau.

A. A. Harmet, A. A. Harmet & Co., Chicago, won the prize (a dozen golf balls donated by the local traders Association) for the most strokes—score 127.

Ford T. Hardy, Merrill Lynch, Pierce, Fenner & Beane, chairman of the Sports Committee, and his committee of six are to be congratulated for the splendid field day outing. Lunch was served to all the boys around the cool swimming pool.

Now A Partnership

(Special to The Financial Chronicle)

SAN FRANCISCO, CALIF.—Harold W. Lutich has been admitted to partnership with Sidney P. Kahn, formerly an individual broker with offices at 482 California Street. The firm name of the new partnership will be Sidney P. Kahn. Mr. Lutich has been associated with Mr. Kahn for some years.

Opens In Baton Rouge

(Special to The Financial Chronicle)

BATON ROUGE, LA.—Commercial Securities Co., Inc., 309 Church Street, has been formed to engage in a securities business. Officers of the new organization are T. J. Singletary, president, I. C. Nichols, vice-president, and I. L. Morris, secretary and treasurer.

...THE...

PHILADELPHIA NATIONAL BANK

Organized 1803

September 30, 1941

RESOURCES

Cash and due from Banks	$416,002,494.48
U. S. Government Securities	185,852,864.68
State, County and Municipal Securities	18,387,653.44
Other Securities	42,346,588.67
Loans and Discounts	97,771,888.34
Bank Buildings	2,725,000.00
Accrued Interest Receivable	2,238,791.22
Customers Liability Account of Acceptances	2,277,949.87
	$767,603,230.70

LIABILITIES

Capital Stock	$14,000,000.00
Surplus and Net Profits	31,500,171.09
Reserve for Contingencies	3,371,947.41
Dividend (Payable October 1, 1941)	875,000.00
Reserved for Taxes and Interest	1,802,007.81
Unearned Discount	201,335.92
Acceptances	3,268,081.82
Deposits	712,584,686.65
	$767,603,230.70

EVAN RANDOLPH, *President*

CHARLES P. BLINN, JR., *Executive Vice President*

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Our Reporters Report

(Continued from First Page)

others, bid in the big American Telephone & Telegraph issue, defended the right of such institutions to bid against bankers but expressed "many doubts as to the soundness and desirability" of insurance company bidding "as a continuing and permanent practice."

He warned that if a few insurance companies continued to step in and buy up, in their entirety, choice issues of securities it would tend to bring about a situation where eventually control of obligations of the country's biggest corporations would be in the hands of a few institutions.

Moreover, he said, he did not think that, as a general rule, policyholders should be exposed to the risks which belong to underwriting. He put himself on record, however, as definitely opposed to any legislation that would stop insurance companies from buying and held that they should retain their rights in that respect.

Fears Damage To Market

Mr. Douglas expressed the personal conviction that submission of the mutual bid for the Telephone issue "does not mean that the company will necessarily follow this procedure as a regular policy."

He recognized, he said, that insurance companies and other institutional investors definitely need the investment banking industry's machinery in their day to day operations, and that they would be foolhardy to contribute to its destruction.

He gave it as his considered opinion that the problem of direct bids by investing institutions would be solved by an open-minded and broad approach to the whole question.

Watching the Trend

While investment bankers were openly chagrined by the outright institutional invasion of their field, some of their number found reason for hope in the fact that the bid for the Telephone issue was limited to only three insurance companies.

In this observer's opinion there would have been really serious reason for concern had there been a wholesale rush of institutional investors to enter bids. If fifty companies had appeared in the bidding, he said, then things would have looked black.

But under the circumstances, he asserted that he would rather suspend judgment for the present and let the trend develop itself a bit more clearly before coming to any definite conclusions.

Another Test Ahead?

Another test of the situation looms as a possibility when bids called for by the Philadelphia Electric Company are opened around October 20.

The issue is not a large one, involving $20,000,000, but it is another instance of "quality bonds" and so may very readily attract institutional buyers.

Carrying a 2¾ per cent coupon the operation has aroused the interest of banking groups and four syndicates already have indicated that they will submit bids. Thus far nothing has been heard of the intention of institutional investors to enters the situation.

"JOTTINGS"

(Continued from First Page)

been the recent experience of Sterling Products with Thurman Arnold's Anti-Trust Division. Whereas the Bausch & Lomb case took 15 months, Sterling got through in about five and came out with fines of only $26,000 and a final press release from Anti-Trust which critics called a whitewash of the company and insisted showed the fine Italian Corcoran hand.

The Scripps-Howard paper here carried a series of news attacks which probably queered Corcoran's chances of getting the coveted Solicitor-Generalship, and were followed by attacks from the Pearson-Allen team, who have had no love for Corcoran since a few years ago they lost their information pipe line into the Administration to the Kintner-Alsop team. As a result Arnold called a press conference to answer the criticism and explain such things as a 100-mile midnight ride with Corcoran to route Biddle out on his vacation to sign one of the papers in the case. Lots of money is being made here by ex-government lawyers, but Corcoran, having set up the law departments of offices all over the city and placed innumerable men therein, is in the best position of them all to make a killing.

The new SPAB is consideerd a pretty good job from several points of view. To the New Dealers it gives at long last a majority control of the defense program and a sympathetic executive officer, Nelson. To business it gives as near an efficient centralization as could reasonably be expected, with a competent business man as executive officer—Nelson. But the real rising star and future man-on-horseback is Leon Henderson, who is always ready to fight (even the President for what he believes right, which usually means what he happens to want at the moment, and is a great lover of power and the crack-down technique. Not that Nelson exactly has to take orders from Henderson, but his days with SPAB, the consensus is, will be numbered whenever he begins to cross Henderson. His crossing of Morgenthau last week, on the other hand, was not politically important. Henderson seems gradually to be learning to control his terrible temper and when angered recently by a Senator kept still so long before he answered that one experienced observer estimated he must have counted to 1000.

It is said that Stetinius and Knudsen will not be here many more months. Knudsen, particularly, has been needled too long by the New Deal, lend-lease, expansionist, reform-before-defense crowd, though he wouldn't believe it for a long time, being too straight-forward and politically naive. . . . Odlum in three weeks seems to have got a firm grip on the defense contracts problem and has big ideas—may put 10,000 people to work, as it will be a long job. But the spadework was already done when he arrived; i.e. the political backfire from priorities unemployment and small business was forcing Congress and the White House to put the heat on the Army and Navy to give up some of their hard-shell resistance to spread-the-work policies. Mehornay, Odlum's predecessor, was no match for the Maginot line of Army and Navy procurement methods.

The only man yet who has crossed Ickes successfully is Jesse Jones. When Harold refused power for an Aluminum project in the northwest, OPM in despair finally went to Jesse, who solved the problem by having the plant built as government property to be then operated by Aluminum Corp. . . . Davies, Ickes' right hand, still gets his $57,000 a year from California Standard, according to a registration statement of the latter with SEC filed in August. . . . A man on the way up here is Colonel Bill Donovan who is building up an economic intelligence service against the day when Washington is capital of the world.

Believe it or not, SEC officials feel that competitive bidding has already justified itself, though in the same breath willing to admit that it is still in an experimental stage. On the question, "Who will prepare the issues?" the answer is that under the Barkley-Cole Trust Indenture Act the indenture is mostly scissors-and-glue, and the accounting work has been largely standardized by the Act of 1933 and the Utility Act of 1935 with amendments. Anyway, that's what they say.

Sumner Pike, who will appear this month before a New York state legislative committed to urge that the life insurance companies be allowed to buy a few common stocks, keeps around his office a blown-up chart from Mutual's latest annual report showing that the margin between the company's investment income and its reserve needs is close to the vanishing point. He'll probably take it with him to the hearings.

A Bond Buy for Banks

An interesting circular describing a bond of bank quality yielding 6¾% has been prepared for distribution by A. O. Van Suetendael, 15 North Broadway, Yonkers, N. Y., from whom copies may be obtained upon request.

Now Gross, Martin & Co.

(Special to The Financial Chronicle).

LOS ANGELES, CALIF.—The firm name of the California Seaboard Corporation, 639 South Spring Street, has been changed to Gross, Martin & Co. The firm is a member of the Los Angeles Stock Exchange.

Our Reporter On "Governments"

The reserve requirement increase is out of the way. . . . The market confirmed everything said here last week by doing absolutely nothing on the actual announcement. . . . Indicating that the authorities did prepare investors for this news in a manner that deserves only the highest praise. . . . Now the story is around that the Federal Reserve Board will remain quiet for a little while, then come out with an urgent request (repetition of a request might be a better way to say it) for authority to raise bank requirements to twice the level existing November 1. . . . And the big question before traders and institutional investors today is:

How soon will we have a cash financing?

To answer that one quickly, this column's feeling is "very soon." . . . Perhaps before the middle of October and surely before this month is over. . . .

The Terms

Until a short time ago, most informed observers believed Secretary Morgenthau would put off issuing a long-term Government bond for many a month. . . . The idea was Morgenthau disliked pegging the market at any special level—which, of course, a long-term bond would do. . . . The impression was he preferred the safety of selling intermediates in view of the condition of the world in general, the nation in particular. . . .

But during the last few days, an entirely different report has been circulating over the grapevine.

That report in short, is that:

(1) The Treasury shortly will borrow around $1,000,000,000, of which $204,000,000 will represent cash raised for refunding of the December 1¼s. . . .

(2) That this financing will take the form of a 25-30 year obligation—one due in 1971, callable in 1966, to be exact. . . .

(3) That the coupon will be 2½%. . . .

(4) That the new bonds will be worth a 2.40 basis immediately after the offering, or a price of around 101⅞. . . .

(5) That the present price of the maturing 1¼s indicates investors are anticipating a "sweet" issue, for these notes now are at a 1⅞ point loss equivalent. . . .

(6) That Morgenthau may be forced into selling an issue on approximately these terms because he can't take the chance of disappointing the holders of the "rights" and thus disturbing the entire market—psychologically, at least. . . .

Insurance Companies

Again, we repeat, this is just a report. . . . But it's coming from good sources and there's more than a suspicion that it has been sponsored by Washington to "feel" out the market. . . . (The same sort of thing that was done with the reserve requirement boost). . . .

One thing is certain: The insurance companies went a real long-term bond. . . . They don't want more intermediates, yielding starvation returns. . . . They're perfectly willing to extend their maturity schedule to 25, 30 or even 35 years—in order to get a fair return on Treasury securities. . . . And the insurance companies, it should be mentioned now, are major buyers of Governments, especially on new issue dates. . . .

To a certain extent, Morgenthau has worked himself into a position where he can't do anything else but sell a fairly long term bond. . . . His schedule in the '50's is crowded now with 2½s and 2¾s selling at high premiums. . . . If he shortens the due date on a new issue much beyond 25 years, he'll have to "give away" too much to subscribers. . . . And a too sweet bond would be as dangerous as a too thin issue. . . .

As for cutting below 2½% coupon rate, the fact that he's selling 2½s to the public may militate against that decision. . . . Pyschological barrier on this isn't extraodinary but it's something to consider anyway. . . .

Money Rates

To any trader "short" the market before the Reserve Board's requirement increase announcement, the reaction of the list to the news was catastrophic. . . . Of course, the bond crowd knew the news had been discounted. . . . Of course, professionals admitted the possibilities of anything but a short-lived drop were meagre. . . . But for the market to manifest only relief at the news — well, that was too much. . . .

The reason for their consternation at the stability of the list was that so many had resigned themselves to a gradual hardening of interest rates. . . . And they have been handling their positions and advising their customers in acordance with that belief. . . .

Will interest rates harden from this point on? That's a terrifically difficult question to answer—but it's crucial and it's an issue which must be faced squarely by all holders of top-grade bonds. . . .

This department doesn't presume any superior knowledge on the issue. . . . To be positive about the point might, as a matter of fact, be presumptuous at this stage of the game. . . . But for the benefit of observers, these angles are presented:

(1) "Morgenthau - Eccles-Baruch" may be a new combination of monetary powers in Washington soon. . . . For the first time in years, Morgenthau and Eccles are working together on monetary policies, for the two men today are most interested in one thing—inflation control. . . .

(2) In the Reserve System's anti-inflation program, presented last New Year's Day are credit control suggestions which would almost certainly stiffen money rates. . . .

(3) Eccles has admitted both publicly and privately that he expects some rise in interest rates following imposition of inflation control devices. . . .

(4) Baurch also has indicated he cares deeply about only one thing and that is averting inflation in this country. . . .

(5) To be logical about this then: Morgenthau's official friends of today are resigned to permitting some change in the easy money situation if such change is part of inflation control; following that through, wouldn't one expect Morgenthau to resign himself to that too?

The pending reserve requirement boost will cut away only $1,200,000,000 from excess reserves of $5,200,000,000. . . .That's not enough of a move to deserve anything but casual attention. . . But if the Reserve Board gets the additional powers it wants and if Eccles uses them as he has indicated he would like to, a rising market on a credit control announcement would be a mighty strange sight to behold. . . .

Some Statistics

New money borrowing during the 1942 fiscal year will amount to between $7,000,000,000 and $8,000,000,000, according to Morgenthau's testimony before the House Banking & Currency Committee recently. . . .

Only about $3,000,000,000 of this will be raised by issues of regular Treasury securities, though . . .

On November 1, excess reserves at central reserve city banks will be cut from about $2,400,000,000 to $1,700,000,000; at reserve city banks, from about $1,850,000,000 to $1,500,000,000; at country banks, from about $1,000,000,000 to $800,000,000. . . .

About 75% of the member banks of the system hold surplus funds far in excess of the increased requirements. . . . Few if any banks will have difficulty in meeting the demand . . .

J. P. MORGAN & CO.

INCORPORATED

NEW YORK

Condensed Statement of Condition September 30, 1941

ASSETS		
Cash on Hand and on Deposit in Banks		$245,095,256.97
United States Government Securities, Direct and Fully Guaranteed		380,409,936.33
State and Municipal Bonds and Notes		46,232,466.62
Other Bonds and Securities (including Shares of Morgan Grenfell & Co. Limited)		24,679,101.18
Loans and Bills Purchased		62,095,986.71
Accrued Interest, Accounts Receivable, etc.		2,386,162.99
Investment in Banking Premises		4,000,000.00
Liability of Customers on Letters of Credit and Acceptances	$12,275,533.66	
Less Prepayments	2,610.00	12,272,923.66
Total Assets		$777,171,834.46
LIABILITIES		
Deposits		$722,385,612.83
Accounts Payable and Miscellaneous Liabilities		1,482,032.70
Acceptances Outstanding and Letters of Credit Issued		12,275,533.66
Capital	$20,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	1,028,655.27	41,028,655.27
Total Liabilities		$777,171,834.46

United States Government securities carried at $38,094,541.15 in the above statement are pledged to qualify for fiduciary powers, to secure public monies as required by law, and for other purposes.

October 2, 1941.

CHARTER NO. 13738 RESERVE DISTRICT NO. 7

REPORT OF CONDITION OF

THE MANUFACTURERS NATIONAL BANK OF DETROIT

in the State of Michigan

AT THE CLOSE OF BUSINESS ON SEPTEMBER 24, 1941

Published in response to call made by Comptroller of the Currency, Under Section 5211, U. S. Revised Statutes

ASSETS		
Loans and discounts (including $3,359.22 overdrafts)		$ 36,437,428.17
United States Government obligations, direct and guaranteed		63,481,101.86
Obligations of States and political subdivisions		2,746,632.45
Other bonds, notes, and debentures		7,189,474.36
Corporate stocks, including stock of Federal Reserve Bank		324,500.00
Cash, balances with other banks, including reserve balance, and cash items in process of collection		96,736,934.66
Bank premises owned $317,265.15, furniture and fixtures $1.00		317,266.15
Real Estate owned other than bank premises		19,668.89
Other assets		489,505.34
TOTAL ASSETS		$207,742,511.88
LIABILITIES		
Demand deposits of individuals, partnerships, and corporations		$108,100,977.22
Time deposits of individuals, partnerships, and corporations		34,125,147.17
Deposits of United States Government		54,618.15
Deposits of States and political subdivisions		22,843,331.19
Deposits of banks		31,356,659.53
Other deposits (certified and cashier's checks, etc.)		1,210,529.69
TOTAL DEPOSITS	$197,691,262.95	
Other liabilities		507,784.07
TOTAL LIABILITIES		$198,199,047.02
CAPITAL ACCOUNTS		
Capital stock, common, total par		$ 3,000,000.00
Surplus		4,500,000.00
Undivided profits		1,498,607.52
Reserves		544,857.34
TOTAL CAPITAL ACCOUNTS		9,543,464.86
TOTAL LIABILITIES AND CAPITAL ACCOUNTS		$207,742,511.88
MEMORANDA		
Pledged assets (and securities loaned)		NONE
Secured liabilities		NONE

OFFICES

Dearborn Detroit Highland Park

PENOBSCOT BUILDING

Member Federal Deposit Insurance Corporation

THE FIRST NATIONAL BANK

OF THE CITY OF NEW YORK

Report of Condition

At the Close of Business September 30, 1941

RESOURCES		
Loans and discounts		$ 52,345,261.78
United States obligations		491,379,742.13
Other bonds, stocks, securities, etc.		163,723,871.51
Banking House		5,000,000.00
Cash and due from Federal Reserve Bank	$257,613,716.20	
Exchanges	23,508,967.60	
Due from banks	8,472,618.47	
		289,595,302.27
		$1,002,044,177.69
LIABILITIES		
Capital		$ 10,000,000.00
Surplus		100,000,000.00
Undivided Profits		9,277,965.49
Dividend payable October 1, 1941		2,500,000.00
Deposits: U. S.	$ 25,000,018.75	
Banks	234,366,723.40	
All other	618,663,012.98	
		878,029,755.13
Reserved for taxes and assessments		2,236,457.07
		$1,002,044,177.69
MEMORANDUM: U. S. securities pledged to secure trust and other deposits, and to qualify for fiduciary powers		$ 58,355,641.77
Securities loaned		3,300,000.00

Member Federal Deposit Insurance Corporation

F. H. PRINCE
BANKERS
PROVIDENCE, RHODE ISLAND

HIGH-GRADE
INVESTMENTS

Members
New York, Chicago &
Boston Stock Exchanges

FINCH, WILSON & CO.
Members New York Stock Exchange
•
Commission Orders Carefully
Executed for Institutions
and Individuals
•
120 BROADWAY, NEW YORK

Established 1856
H. Hentz & Co.
Members
New York Stock Exchange
New York Curb Exchange
New York Cotton Exchange
Commodity Exchange, Inc.
Chicago Board of Trade
New Orleans Cotton Exchange
And other Exchanges

N. Y. Cotton Exchange Bldg.
NEW YORK

BOSTON CHICAGO DETROIT
PITTSBURGH
GENEVA, SWITZERLAND

LAMBORN & CO.
99 WALL STREET
NEW YORK CITY

SUGAR
Export—Imports—Futures

DIgby 4-2727

Tomorrow's Markets Walter Whyte Says——

(Continued from Page 387)

the direction of the clerk in charge of sell 'em at the market. So they sold. So stocks went down. So more people sold. So they went down some more. And so it went.

The fact that Morgenthau's statement was nothing more than a trial balloon was brushed off as begging the question. Even the fact that no new tax bill was pending in Congress was completely disregarded. Even the memory of what a tough time the Administration had in getting at least some of it's new taxes on the books was shooed away as unimportant.

The cry around customer's rooms was sell and be damn quick about it. "The six percent thing is in the bag and the quicker you get out the better for you" was accepted as gospel by the rank and file.

By Friday the market had quieted down a little. Stocks stopped coming out in strings on volume but the underlying uneasiness was still present.

Now it would be a simple thing to stand off and pooh-pooh the whole thing as nothing to be worried about, except for one thing. I have learned from bitter experience never to disregard public uneasiness, justified or not. Once the public gets the bit in it's teeth there is no telling where it will go and where it will stop. In the old days when the market makers—remember them? — controlled stocks you could almost figure to the point where they would come in and buy 'em from a frightened public. Today things are a lot different. Yesterday's market manipulators are gone and the New Deal with it's various agencies controls things. Still, the public —that part of it still in the market—continues to act on impulse. But the brakes in effect in the old days are no longer present.

From a strictly technical position the market now looks as low as it should go. But this is based on technical indications not mob psychology. And technical support points melt away like snow flurries in a warm sun if the public is really in earnest about selling.

Be that as it may we still have individual stocks to worry about rather than the market as a whole. So without further ado I'll get down to the stocks you now hold, their purchase points, "stops" etc.

Anaconda Copper was bought at 27 with a stop at 25. Stock is still above the stop price. Hold unless it breaks it.

Bendix bought at 37 with a stop at 34 is another one that is comfortably above it's critical level. Hold that one too.

N. Y. Shipbuilding, bought at 15 with a stop at 26, is above it.

Savage Arms taken at 17 (old) has a stop at 14½. (The present stock is equivalent to 80). Raise your stop now to 17½.

Swift & Co. bought at 24-25 with a stop at 23½ managed to stay just above it on the recent set back. Hold but keep stop in mind.

The last issue in our list is Warner Bros. bought at 5 with a stop at 3¾. The stock got within a fraction of breaking that figure on last week's reaction but never quite broke it. So long as it stays above the 3¾ price my advice is to hold.

There is another unpleasant thing about this market that you'll have to expect. The reaction wiped out a lot of important work that took weeks to accomplish. So the best you can now look for is another building up process that may take weeks to complete before another general market advance is indicated.

More next Thursday.

—Walter Whyte

[The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.]

WHISPERINGS

To please the Senate Committee, the movies, according to **Earl Rodney (Merrill Lynch etc. partner)** should end all future movies with the announcement: "Any resemblance to Hitler is his own fault."

International Paper will pay up to $5 on the pfd. accumulations in addition to the regular. . . .**Erie's** new stock to come out sometime in November . . . shortly after new stock is out company will pay something against accumulations on the pf'd. "A". . . . **Gulf Mobile & Ohio** pf'd. to pay $3. . . . **Worthington Pump** 1941 net about $7. . . . **National Supply** 1941 net about $2.40 on common against a deficit last year. . .

At the New Orlean's convention a party of dealers took a trip to see the famed stables at Lexington, Kentucky. They were shown around but most of the visitors were fascinated by "Man O' War" whose stud fee was $5,000 and no guarantee. One pair of newlyweds were staring at the horse when the bride noticed something. "Oh George," she cried excited, "look at——." Not only George but the rest of the group turned to see what she was pointing at. Suddenly becoming aware that she was the center of the onlookers she flushed and hurriedly shifted her finger to point at a group of birds instead. The dealers were not misled. Their bursts of laughter could be heard back in New York.

One broker tells us that despite the war he is still getting letters from England, France and Holland—and postcards from Scotland. Which reminds us of the curious travel booklet a friend of ours just received. It pictured the beauties of Holland and pointed to the educational benefits obtained from a cycling trip through the land of tulips "at this time of the year." Wondering, our friend looked at the date mark. It was mailed in the spring of 1934 and took seven years to reach him.

Defense Industry Sidelights— Russian and German tanks already are 90 ton behemoths but U. S. Army is still experimenting with a 55 ton tank, but completion of the first production model is still some six months away. Our tanks have 37-mm guns. Comparable German tanks have 47-mm. In recent demonstration one of our light tanks—13 ton M-3—was penetrated by a 37-mm shell. The demonstration was supposed to show tanks invulnerability to such shells . . . AC Spark Plug division of GM is one of the few firms handling defense orders to be about a year ahead of schedule. Efficiency however is due to company methods not to Army cooperation. AC guns are used for tanks and planes. But these aren't sent directly to plane or tank plants. Army insists these be sent to Ordinance depots from where they are shipped to plants. Army says this saves bookkeeping.

A lot of the boys grabbed the addresses of the entertainers at the convention's stag party and couldn't wait to get away to find "if it was true what they said about Dixie." At the addresses they discovered barkers at the door—and second rate gin mills grinding away inside—that's all. It took some of the boys as much as $40 to find out there are no Free French in the French Quarter.

Bernard M. Baruch is said to be the heavy buyer of **International Nickel.** And now he is active in a group buying **International Tel. & Tel.**

Nat (DuPont & C&C) Madison Avenue office insists he saw this happen at an uptown bar where he dropped in for what he calls a "refresher." Three Wall Street men, about three sheets to windward, staggered in and made for the bar. The first one ordered a side car. "Make that two" said the second. The barman looked at the remaining member of the trio and asked, "side car for you too, sir?" . . . "Nah!" replied the man. "I think I'll walk."

Peruvian Sugar Exports

Peru's sugar exports during the first six months of 1941 reached 177,875 long tons, raw value, as against 160,997 tons during the corresponding period last year, an increase of 16,878 tons, or approximately 10.5%, according to a report received by Lamborn & Co., New York, from Lima. The exports for the first half of 1941 are the largest of any similar period on record.

Sugar on hand in Peru on July 1 this year approximated 163,000 tons as against 120,000 tons on hand on the same date last year.

Peru's current sugar crop is expected to approximate the record crop of 458,836 long tons produced during the 1939-40 season. Consumption in Peru last year totaled 100,230 long tons.

Reserve Board Raises Reserve Requirements To Statutory Limit Effective November 1

An increase in reserve requirements of the member banks to the statutory limit was announced Sept. 23 by the Board of Governors of the Federal Reserve System, to become effective on November 1. The action was taken as a further step in the efforts of the government to forestall any tendency toward inflation. The Chairman of the Reserve Board, Marriner Eccles and Secretary of the Treasury Morgenthau issued a joint statement the same day in which it was stated that recommendations would be made by the Board and the Treasury for the granting of additional powers over bank reserves if they should determine that such action was desirable. The new requirements on demand deposits are 26% in Central Reserve Cities compared with 22¾% now, 20% in Reserve Cities compared with 17½% now, 14% in country banks compared with 12%; on time deposits the rate was raised from 5% to 6%. The new rates are the same as those in effect from May 1, 1937 to April 15, 1938, at which time reduced rates were instituted which have remained unchanged up until now.

The present order, which is said to have been decided upon unanimously by the Reserve Board and the Treasury will reduce excess reserves from about $5,200,000,000 to $4,000,000,000, it is believed.

Following is a tabulation showing the new rates together with the rates in effect during all periods since June 21. 1917

MEMBER BANK RESERVE REQUIREMENTS
(Per cent of deposits)

Classes of deposits and banks	June 21, Aug. 15, 1936 1917—	Aug. 16, Feb. 28, 1937 1936—	Mar. 1, April 30, 1937 1937—	May 1, April 15, 1938 1937—	1938— and after April 16,	Nov. 1, 1941 Effective
On net demand deposits:						
Central reserve city	13	19½	22¾	26	22¾	26
Reserve city	10	15	17½	20	17½	20
Country	7	10½	12¼	14	12	14
On time deposits:						
All member banks	3	4½	5¼	6	5	6

The joint statement by Secretary Morgenthau and Mr. Eccles was as follows:

The Treasury and the Board of Governors will continue to watch the economic situation and to cooperate with other agencies of the government in their efforts, through priorities, allocations, price regulation and otherwise, to fight inflation. Recommendations on the question of what additional powers, if any, over bank reserves the board should have during the present emergency and what form these powers should take will be made whenever the Treasury and the Board, after further consultation, determine that such action is necessary to help in combating inflationary developments."

The statement of the Reserve Board was as follows

As a further step in the government's program for combating inflation, the Board of Governors of the Federal Reserve System after consultation with the Secretary of the Treasury, has today increased reserve requirements for member banks to the present statutory limit, effective Nov. 1. This action, unanimously agreed upon, increases reserve requirements by about one-seventh.

The requirements beginning on that date will be: For demand deposits, 26% at Central Reserve city banks, 20% at Reserve city banks, and 14% at country banks; for time deposits, 6% at all classes of member banks.

This action will result in a reduction of excess reserves from about $5,200,000,000 to about $4,000,000,000 for member banks taken as a whole. At Central Reserve city banks excess reserves will be reduced approximately from $2,400,000,000 to $1,700,000,000; at Reserve city banks, from $1,850,000,000 to $1,500,000,000, and at country banks from nearly $1,000,000,000 to $800,000,000.

The action will leave the banks as a whole with ample funds to meet all bank credit needs of the defense program and all legitimate requirements of their customers. A survey made recently by the board showed that a large majority of the member banks will be able to meet the increased requirements out of existing excess reserves and all but a few of the remainder by drawing upon a portion of their deposits with city correspondents.

The Board determined that penalties for deficient reserves prior to Dec. 1, 1941, shall be based upon reserve requirements in effect Oct. 31, 1941.

Calendar of New Security Flotations

OFFERINGS

DEVOE & RAYNOLDS CO., INC.

Devoe & Raynolds Co., Inc., registered with SEC 29,000 shares 5% Cumulative Preferred Stock, $100 par

Address—787 Fifth Ave., New York, N. Y.

Business—Principal business of company and subsidiaries is manufacture, sale and distribution of diversified line of exterior, interior and industrial paints, varnishes, lacquers, enamels, synthetic resins, artists' colors and materials, paint brushes and other products incidental to the paint and varnish industry

Underwriter—Shields & Co., New York, is named principal underwriter; others to be named by amendment

Offering—Offered to public at 101 per share plus divs. from Sept. 1.

Proceeds — $1,028,100 to redemption on Jan. 1, 1942 at $115 per share and accrued dividends, of outstanding 8,940 shares 7% cumulative preferred stock, $100 par; $1,755,250 to redemption on Dec. 1, 1941, at 103¼ and accrued interest, of outstanding $1,700,000 of Fifteen-Year 4¼% Sinking Fund Debentures, due June 1, 1953; and balance for working capital

Registration Statement No. 2-4835. Form A-2 (9-10-41)

Offered—Sept. 30, 1941.

Devoe & Raynolds Co., Inc., filed amendment with SEC setting forth the names of the underwriters of the 29,000 shares of 5% cumulative preferred stock, $100 par, as follows:

	No. of shs. Underwritten
Shields & Co., New York	7,000
Lee Higginson Corp., New York	4,500
Ladenburg, Thalmann & Co., N. Y.	3,000
Graham, Parsons & Co., Phila.	2,000
Singer, Deane & Scribner, Pittsburgh	2,000
Otis & Co., Cleveland	1,500
Parrish & Co., New York	1,500
Baker, Watts & Co., Baltimore	1,000
Paul H. Davis & Co., Chicago	1,000
Moore, Leonard & Lynch, Pittsburgh	1,000
Paine, Webber & Co., Boston	1,000
Farwell, Chapman & Co., Chicago	750
Kalman & Co., Inc., St. Paul	750
Barclay, Moore & Co., Phila.	500
Beckett, Gilbert & Co., Inc., Dallas	500
Hill & Co., Cincinnati	500
Stein Bros. & Boyce, Baltimore	500

MISSOURI UTILITIES CO.

Missouri Utilities Co. registered with SEC $3,150,000 First Mortgage Series A 3½% bonds, due June 1, 1971; 14,000 shares 5% cumulative preferred stock, $100 par; and 125,000 shares common stock, $1 par.

Address—Cape Girardeau, Mo.

Business—Engaged principally in generation, transmission, distribution and sale of electricity, in 56 communities in Missouri and two in Arkansas. Company is a subsidiary of Community Power & Light Co.

Underwriter—The bonds are not to be sold to public; they are to be sold by company to Dillon, Read & Co. for 104¼, and in turn to be sold to Equitable Life Assurance Society of the U. S. for 104¾. Names of underwriters of the 5% preferred stock and the common stock registered, will be supplied by amendment.

Offering—The 14,000 shares 5% preferred and 125,000 shares common stock are to be issued under a reclassification of outstanding capital stock of company. Of the 5% preferred stock registered, 11,912 shares will be offered to public for account of company, and 2,088 shares will be offered to public for account of Community Power & Light Co. The 125,000 shares common stock will be sold to public for account of Community Power & Light Co.

Proceeds—To company from sale of the $3,150,000 of bonds and 11,912 shares of 5% preferred stock, will be used as follows: $2,811,200 to purchase for cancellation from Community Power & Light Co. that amount of company's outstanding Series A and D First Mortgage bonds; $1,111,385 to pay or purchase indebtedness owing by company to its parent and an affiliate, on open account and promissory notes; $420,000 to redeem company's outstanding 4,000 shares 7% preferred stock, $100 par, at 105 Balance of proceeds will be set aside for expenditure by company for property additions and improvements.

Registration Statement No. 2-4826 Form A-2. (8-29-41)

Effective—12:30 P.M., E.S.T., Sept. 27, 1941 as of 4:45 P.M., E.S.T., Sept. 17, 1941.

Offered—Sept. 29, 1941.

NATIONAL CYLINDER GAS CO.

National Cylinder Gas Co. registered with SEC 100,000 shares common stock, $1 par

Address—205 W. Wacker Drive, Chicago, Ill.

Business—Together with its subsidiaries, engaged principally in manufacture and sale of oxygen and acetylene in most of the principal industrial areas in the U. S., and it's the third largest producer in the country. Also, manufactures nitrogen and hydrogen and sells these gases as well as carbon dioxide, dry ice and propane

Underwriters—Principal underwriters are Paine, Webber & Co., and F. S. Moseley & Co., both of Chicago; others to be named by amendment

Offering—The 100,000 shares common stock are already issued and outstanding, and are to be offered to public for the account of certain selling stockholders, who will receive the proceeds from sale thereof. Public offering price $10.25 per share.

Registration Statement No. 2-4839. Form A2. (9-12-41)

Effective—3 P.M., E.S.T., Sept. 24, 1941.

Offered—Sept. 25, 1941.

This announcement is under no circumstances to be construed as an offer of these securities for sale or as a solicitation of an offer to buy any of such securities. The offering is made only by the prospectus which, however, does not constitute an offer by any underwriter to sell securities in any state to any person to whom it is unlawful for such underwriter to make such offer in such state.

Missouri Utilities Company

$3,150,000 First Mortgage Bonds, Series A, 3½%*

Due June 1, 1971

14,000 Shares Preferred Stock, 5% Series (cumulative)

Par Value $100 per share

125,000 Shares Common Stock

Par Value $1 per share

*No public offering of the Bonds is being made. Subject to certain terms and conditions, Dillon, Read & Co. has agreed to purchase the Bonds from the Company and to sell the Bonds to an institutional purchaser.

Prices:

$99 per share for the Preferred Stock

$13.50 per share for the Common Stock

plus, as to the Preferred Stock, accrued dividends from September 1, 1941 to the date of delivery.

Copies of the prospectus may be obtained from such of the undersigned (who are among the underwriters named in the prospectus) as may legally offer these securities under applicable securities laws.

Dillon, Read & Co.

E. H. Rollins & Sons
Incorporated

Whitaker & Company

September 29, 1941

Following is a list of issues whose registration statements were filed less than twenty days ago. These issues are grouped according to the dates on which the registration statements will in normal course become effective, that is twenty days after filing except in the case of the securities of certain foreign public authorities which normally become effective in seven days.

These dates, unless otherwise specified, are as of 4:30 P.M. Eastern Standard Time as per rule 930(b).

Offerings will rarely be made before the day following.

THURSDAY, OCT. 2

BEACON BUILDING CORPORATION

Beacon Building Corp., Lucius Teter, et al, voting trustees of Beacon Building Corp., registered with SEC voting trust certificates for 109,084 shares $1 par common stock of Beacon Building Corp., Chicago, Ill.

Address of Trustee—135 S. LaSalle St., Chicago, Ill.

Address of Beacon Building Corp.—38 S. Dearborn St., Chicago, Ill.

Business—Beacon Building Corp. owns and operates an apartment building in Chicago. All outstanding common stock of company held by First National Bank of Chicago, as agent for voting trustees under voting trust agreement dated June 16, 1931

Extension of Voting Trust—The 109,084 shares of common stock of Beacon Building Corp. are subject to a Voting Trust Agreement which expired June 16, 1941. It is proposed to extend the agreement to June 16, 1951, through issuance of Voting Trust Certificates, subject of registration statement

Registration Statement No. 2-4840 Form F-1. (9-13-41)

SUNDAY, OCT. 5

PARQUAY OPERATING, INC.

Parquay Operating Inc., registered with SEC 55,850 shares common stock, 50 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Engaged in development and operation of a chain of retail food stores, store buildings and controlled parking built or to be built under Revolving Top Building and Parking Control Patent Franchises owned by company in Roswell, N.M. Later, it was decided to expand operations to include 11 additional stores located in 9 cities in New Mexico, including 3 in Albuquerque

Underwriting—No underwriters. The stock will be sold by company's agents under direction of its executive vice-president

Offering—The shares will be offered to public at following prices per share for each successive block of 11,170 shares each: $13.50, $15, $16.50, $18 and $19.50 per share.

Proceeds will be used to purchase 11 grocery stores to be located in 9 communities in New Mexico

Registration Statement No. 2-4842. Form A1. (9-16-41)

PARQUAY ROYALTY CO.

Parquay Royalty Co. registered with SEC 9,091 shares common stock, 25 cents par value

Address—512 E. Central Ave., Albuquerque, N.M.

Business—Company owns one grocery store built under Revolving Top Building Patent which is leased for period of 10 years from Nov. 20, 1937. Company intends to build grocery store buildings under that patent and controlled parking patents for Parquay Operating, Inc., and for other operating companies throughout New Mexico, Arizona, Utah, Nevada and Cal.

Underwriting—No underwriting. Shares to be sold by company's agents under direction of its executive vice-president

Offering—Shares to be offered at following prices for following blocks: $30 per share for first block of 1,117 shares; $32.50, $35, $37.50 and $40 per share for each of next successive blocks of 1,117 shares each; and $50 per share for last block of 3,506 shares

Proceeds to finance purchase of construction, equipment and construction of grocery stores, finance a purchasing department including warehouses, etc.

Registration Statement No. 2-4841. Form A1. (9-16-41)

MONDAY, OCT. 6

DOW CHEMICAL CO.

Dow Chemical Co. registered with SEC 113,519 shares common stock, no par

Address—Midland, Mich.

Business—Engaged in manufacture and sale of diversified line of inorganic and organic chemicals, also magnesium and magnesium alloys

Underwriting and Offering—The shares registered will first be offered to common stockholders of company of record at close of business Sept. 26, 1941, for subscription pro rata in ratio of one share for each 10 shares then held, at price of $100 per share. Such rights will expire Oct. 6, 1941. Any unsubscribed portion of such shares will be underwritten by underwriting group headed by Smith, Barney & Co., New York, others to be named by amendment. Smith, Barney & Co. is authorized to determine whether a public or any other offering of all or any part of the unsubscribed stock shall be made in the open market, or to dealers or in any other manner. Further details as to disposition of unsubscribed portion of such shares will be supplied by amendment

Proceeds will be added to company's cash funds, of which at least $5,000,000 will be applied to payment of present bank loans

Registration Statement No. 2-4843. Form A2. (9-17-41)

Effective—11 A.M., E.S.T., Sept. 26, 1941.

Offered—To stockholders of record Sept. 26, 1941.

Company filed amendment with SEC, disclosing that the underwriters have agreed to purchase from company, at price of $98 per share net to company, any of the 113,519 shares of company's no par common stock not subscribed for by exercise of subscription warrants issued to holders of company's outstanding capital stock.

Names of underwriters, and percentages of unsubscribed stock to be purchased by each, are as follows:

	% of Unsub. Stock
Smith, Barney & Co., N. Y.	13.21364
Bluth & Co., Inc., N. Y.	8.80910
Curtiss, House & Co., Cleveland	2.21901
Dillon, Read & Co., N. Y.	9.69001
First Boston Corp., N. Y.	8.80910
First of Michigan Corp., N. Y.	3.52364
Goldman, Sachs & Co., N. Y.	4.40455
Harriman, Ripley & Co., Inc., N.Y.	8.80910
Janney & Co., Phila.	4.40455
Kuhn, Loeb & Co., N. Y.	9.69001
Lee Higginson Corp., N. Y.	6.16637
Mellon Securities Corp., Pitts.	8.80910
Morgan Stanley & Co., N. Y.	11.45182

FLORIDA POWER & LIGHT CO.

Florida Power & Light Co. registered with SEC $45,000,000 First Mortgage bonds, due Oct. 1, 1971; $10,000,000 Sinking Fund Debentures, due Oct. 1, 195[illegible]; and 140,000 shares Cumulative Preferred Stock, $100 Par. Interest rates on the Bonds and Debentures, and the dividend rate on the preferred stock, will be supplied by amendment

Address—25 S. E. Second Ave., Miami, Fla.

Business—This subsidiary of American Power & Light (Electric Bond & Share System) is an operating public utility engaged principally in generating, transmitting, distributing and selling electric energy (also manufacture and sale of gas), serving most of the territory along the east coast of Florida (with exception of the Jacksonville area), and other portions of Florida

Underwriting and Offering—The securities registered are to be sold by company under the competitive bidding Rule U-50 of the SEC's Public Utility Holding Company Act. Names of underwriters and price to public, will be supplied by post-effective amendment to registration statement

Proceeds will be applied as follows: $53,170,000 to redeem at 102¼, the $52,000,000 of company's First Mortgage 5s of 1954; $15,693,370 to redeem at $110 per share, the 142,667 shares of company's $7 preferred stock, no par. Further details to be supplied by post-effective amendment

Registration Statement No. 2-4845. Form A2. (9-17-41)

McDONNELL AIRCRAFT CORP.

McDonnell Aircraft Corp. registered with SEC 6,453⅙ shares 6% Non-Cumulative Convertible Preferred Stock, $100 par, and 129,063⅓ shares common stock, $1 par

Address — Lambert-St. Louis Municipal Airport, Robertson, Mo.

Business—Engaged in designing and developing aircraft and of manufacturing and selling parts for aircraft; expects presently to engage in business of manufacturing, testing and selling aircraft

Underwriting—None. Securities to be offered by company

Offering—Of the shares registered, the 6,453⅙ shares of preferred and 64,531⅔ shares of common, will be offered to public in units each unit consisting of one share of preferred and 10 shares of common stock, at price of $140 per unit. Remaining 64,531⅔ shares common reserved for issuance on conversion of the preferred

Proceeds for working capital, purchase of tools, machinery and equipment.

Registration Statement No. 2-4844. Form A-1. (9-17-41)

WEDNESDAY, OCT. 8

KEYES FIBRE CO.

Keyes Fibre Co. registered with SEC $1,400,000 First Mortgage Sinking Fund 4½% Bonds, due Oct. 1, 1956

Address—806 Bank of Commerce Bldg., Portland, Me.

Business—Manufactures a wide variety of moulded pulp products comprising more than 60 items and including plates, dishes, egg-packing material and egg cartons made of groundwood pulp derived principally from spruce pulpwood. About 57.16% of company's voting securities are held by New England Public Service Co. and its subsidiary, Central Maine Power Co.

Underwriter—To be named by amendment to registration statement

Offering—To be offered to public, at price to be supplied by amendment

Proceeds—(a) to provide funds for retirement of entire outstanding $1,125,000 of First Mortgage Serial 6% bonds of predecessor company (assumed by company), (b) to pay $172,000 of bank loans of company and a subsidiary, and (c) balance for working capital

Registration Statement No. 2-4846. Form A2. (9-19-41)

SUNDAY, OCT. 12

UNITED STATES SUGAR CORP.

United States Sugar Corp registered with SEC 200,000 shares 6.4% Series A Cumulative Participating Convertible Preferred Stock, $25 par, and 562,500 shares common stock $1 par, latter reserved for issuance upon conversion of the preferred

Address—Clewiston, Fla.

Business—Principal business consists of the culture of sugar-cane in the Everglades of Florida and extraction of raw sugar therefrom in a sugar-house adjacent to Clewiston, Fla. Sugar is presently disposed of under the contract with Savannah Sugar Refining Corp.

Underwriter—None named

Offering—The preferred shares registered are to be offered for subscription to holders of outstanding common stock and $5 preferred stock of company, of record Nov. 10, 1941, or the tenth day after offering of the stock to stockholders, whichever is later, at a price of $25 per share, on following basis: one share new preferred for each 10 shares common, and 4 shares new preferred for each share outstanding $5 preferred stock. Subscription period comprises the ten days following the record date, but company may extend the expiration date to not later than Dec. 15, 1941. Unsubscribed portion of the 200,000 shares preferred stock may be offered at others by company, at $25 per share, in sole discretion of company

Proceeds will be used for plant additions an improvements, purchase of new machinery and equipment, for retirement of outstanding $5 preferred stock, and for working capital

Registration Statement No. 2-4847. Form A2. (9-23-41)

MONDAY, OCT. 13

LOUISVILLE GAS & ELECTRIC CO.

Louisville Gas & Electric Co. has registered with SEC 150,000 shares common stock, no par value.

Address—311 W. Chestnut St., Louisville, Ky.

Business—This operating utility subsidiary of Standard Gas & Electric Co. is engaged principally in the electric and gas business in Louisville, Ky., and vicinity.

Underwriters—To be named by amendment.

Offering—The 150,000 shares to be offered to the public, at price to be supplied by amendment.

Proceeds—Will be used to reimburse in part company's treasury for funds expended for construction (approximately $7,000,000), none of which heretofore has been used by company as basis for issuance of stock or long-term debt. Remaining amount needed, for this undertaking

Calendar of New Security Flotations

will be obtained from sale of additional common stock; of the amount so needed, company has temporarily obtained $3,150,000 by bank loans.

Registration Statement No. 2-4848, Form A-2. (9-24-41).

TUESDAY, OCT. 14

JACOBS AIRCRAFT ENGINE CO.

Jacobs Aircraft Engine Co. registered with SEC 140,000 shares capital stock, $1 par.

Address—750 Queen St., Pottstown, Pa.

Business—Engaged in development, manufacture and sale of aircraft engines, manufacture and sale of spare parts therefor, and sale of engine accessories. Engines produced are seven cylinder, radial, air-cooled engines of two series, rated for take-offs at 245 and 330 horse power, respectively. Unfilled orders on July 31, 1941, exceeded $20,000,000.

Offering—To be offered to public, at price to be supplied by amendment. The shares registered are issued and outstanding and will be sold for the account of five selling stockholders.

Underwriter—Riter & Co., Philadelphia, is sole underwriter.

Proceeds—To the selling stockholders.

Registration Statement No. 2-4850. Form A-1. (9-25-41).

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

Westinghouse Electric & Manufacturing Co. registered with SEC 534,426 shares common stock, $50 par value, and Subscription Warrants evidencing rights in respect of such shares.

Address—306 Fourth Ave., Pittsburgh, Pa.

Business—Engaged, together with its subsidiaries, in manufacture and sale of machinery, apparatus and appliances for generation, transmission, utilization and control of electricity and in manufacture and sale of steam turbines and associated equipment.

Offering—The 534,426 shares will first be offered to outstanding preferred and common stockholders of company of record Oct. 15, 1941, for subscription at rate of one-fifth of a share for each share of preferred and common stock so held, at a price to be supplied by amendment. Rights expire Oct. 28, 1941.

Underwriters—Unsubscribed portion of such 534,426 shares are to be purchased by underwriters, at a price to be supplied by amendment. Underwriters may or may not, as they may determine, make one or more public or other offerings of such unsubscribed stock. All offerings of unsubscribed stock is to be made by the underwriters either at the market price then prevailing (NYSE), or at such other prices as Kuhn, Loeb & Co., representative of the underwriters, may determine. Underwriters, numbering 119, are as follows:

Kuhn, Loeb & Co., A. C. Allyn & Co., J. S. Bache & Co., Bacon, Whipple & Co., Baker, Watts & Co., Baker, Weeks & Harden, Banc Ohio Securities Co., Bear, Stearns & Co., A. G. Becker & Co., Biddle, Whelen & Co., Blair & Co., Inc., Blair. Bonner & Co., Blyth & Co., Inc., Bonbright & Co., Alex. Brown & Sons, H. M. Byllesby & Co., Inc.

Central Republic Co., Inc., Clark, Dodge & Co., F. W. Clark & Co., Courts & Co., Curtiss, House & Co., Paul H. Davis & Co., Dick & Merle-Smith, Dominick & Dominick, Drexel & Co., Eastman, Dillon & Co., Elkins, Morris & Co., Emanuel & Co., Eastbrook & Co., Equitable Securities Corp.

Farwell, Chapman & Co., Field, Richards & Co., The First Boston Corp., The First Cleveland Corp., First of Michigan Corp., Robert Garrett & Sons, Glore, Forgan & Co., Glover & MacGregor, Inc., Goldman, Sachs & Co., Graham, Parsons & Co., Grubbs, Scott & Co.

Hallgarten & Co., Harriman, Ripley & Co., Inc., Harris, Hall & Co. (Inc.), Hawley, Shepard & Co., Hayden, Miller & Co., Hayden, Stone & Co., Hemphill, Noyes & Co., J. J. B. Hilliard & Son, Hornblower & Weeks, W. E. Hutton & Co., The Illinois Co. of Chicago, Jackson & Curtis, Janney & Co.

Kalman & Co., Kean, Taylor & Co., Kidder, Peabody & Co., Knight, Dickinson & Co., Ladenburg, Thalmann & Co., Laird & Co., Laird, Bissell & Meeds, W. W. Lanahan & Co., W. C. Langley & Co., Lazard Freres & Co., Lee, Higginson Corp., Lehman Brothers, Adolph Lewisohn & Sons, Carl M. Loeb, Rhoades & Co.

Mackubin, Legg & Co., Laurence M. Marks & Co., Mason-Hagan, Inc., A. E. Masten & Co., McDonald-Coolidge & Co., Mellon Securities Corp., Merrill Lynch, Pierce, Fenner & Beane, Merrill, Turben & Co., The Milwaukee Co., Mitchum, Tully & Co., Moore, Leonard & Lynch, F. S. Moseley & Co., Maynard H. Murch & Co., G. M.-P. Murphy & Co., W. H. Newbold's Son & Co., Newhard, Cook & Co., Paine, Webber & Co., Arthur Perry & Co., R. W. Pressprich & Co., Putnam & Co.

Reinholdt & Gardner, Riter & Co., The Robinson-Humphrey Co., E. H. Rollins & Sons Inc., L. F. Rothschild & Co., Schoellkopf, Hutton & Pomeroy, Inc., Schroder Rockefeller & Co., Inc., Schwabacher & Co., Scott & Stringfellow, Shields & Co., Singer, Deane & Scribner, Smith, Barney & Co., Smith, Moore & Co., William R. Staats Co., Starkweather & Co., Stein Bros. & Boyce, Stern Brothers & Co., Stern, Wampler & Co., Inc., Stone & Webster & Blodget, Inc., Stroud & Co., Inc., Swiss American Corp., Spencer Trask & Co.

Tucker, Anthony & Co., Union Securities Corp., G. H. Walker & Co., Wells-Dickey Co., Wertheim & Co., White, Weld & Co., Whiting, Weeks & Stubbs, Inc., Dean Witter & Co., Yarnall & Co.

Proceeds—For payment outstanding bank loans, construction of plant additions, purchase of additional equipment, and for working capital.

Registration Statement No. 2-4849. Form A-2. (9-25-41).

THURSDAY, OCT. 16

AIR ASSOCIATES, INC.

Air Associates, Inc., registered with SEC 50,000 shares $1.37½ Cumulative Convertible Preferred Stock, no par; and maximum of 100,000 shares $1 par common stock, latter reserved for issuance upon conversion of the preferred.

Address—Bendix Airport, Bendix, N. J.

Business—Company is manufacturer and distributor of airplane parts, equipment, material, supplies and accessories.

Underwriter—White, Weld & Co., New York, is principal underwriter; others to be named by amendment. Underwriting commission is $2.25 per share.

Offering—Preferred stock to be offered to public, at price to be supplied by amendment.

Proceeds—$300,000 to prepay outstanding bank loans; $200,000 for purchase of additional machinery; balance for plant additions and working capital.

Registration Statement No. 2-4851. Form A-2. (9-27-41).

SATURDAY, OCT. 18

LEXINGTON TELEPONE CO.

Lexington Telephone Co. registered with SEC 8,000 shares 5.2% Cumulative Preferred Stock, $100 par.

Address—151 N. Upper St., Lexington, Ky.

Business—Provides telephone service to 5 communities and their environs in Fayette, Jessamine and Woodford Counties, Ky.

Underwriters, and number of share underwritten by each, are as follows: J. D. Van Hooser & Co., Inc., Lexington, Ky., 3,000; Security & Bond Co., Lexington, 2,250; Almstedt Bros., Louisville, 2,000; Bankers Bond Co., Inc., Louisville, 750.

Offering—To be offered to public, at price to be supplied by amendment.

Proceeds, plus treasury funds to extent necessary, will be used for redemption on Nov. 21, 1941, of company's 8,000 shares outstanding 6% cumulative preferred stock, at redemption price of $106 per share, or to repay funds temporarily borrowed for such purpose.

Registration Statement No. 2-4852. Form A-2. (9-29-41).

SUNDAY, OCT. 19

VICTOR CHEMICAL WORKS

Victor Chemical Works registered with the SEC 54,000 shares of capital stock, $5 par value.

Address—141 W. Jackson Blvd., Chicago, Ill.

Business — Manufacturers phosphorus, high grade phosphoric acid and phosphates for food, pharmaceutical and numerous technical purposes; also, various other chemicals & products, including ferro phosphorous, oxalic acid and formic acid.

Underwriter—F. Eberstadt & Co., Inc., New York, is sole underwriter.

Offering—Shares to be offered to public, at price to be supplied by amendment.

Proceeds to extent of $750,000 to pay in full outstanding serial bank loans; balance for working capital, expansion of manufacturing facilities.

Registration Statement No. 2-4853. Form A-2. (9-30-41).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

BLACK HILLS POWER & LIGHT CO.

Black Hill Power & Light Co. registered with SEC $2,115,000 First Mortgage Bonds, Series A, due 1971; 9,400 shares 5% cumulative preferred stock, $100 par; and 100,000 shares common stock, $1 par

Address—Rapid City, S. D.

Business—Incorporated in South Dakota on Aug. 27, 1941, for purpose of continuing business and operations of the Dakota Properties of General Public Utilities, Inc., and the business and operations of the Dakota Power Properties of the Dakota Power Co. Engaged in generation, transmission, distribution and sale of electricity, in 12 communities in western South Dakota, and various unincorporated communities and rural areas.

Offering—The bonds are to be sold to Dillon, Read & Co. at 103¼ and in turn will be resold by latter to Equitable Life Assurance Society of the U. S. at 103¾. The preferred stock and an undetermined number of shares of common stock are to be issued to General Public Utilities, Inc., in part payment for the so-called Dakota Power Properties to be acquired from that company and Dakota Power Co. The remaining shares of common stock, as well as the preferred and common stock to be received by General Public Utilities, Inc., will be offered to the public

Proceeds—To company from sale of the bonds and common stock will be used to pay General Public Utilities, Inc., and Dakota Power Co. the balance of the consideration for the properties to be acquired. Balance of net proceeds will be added to working capital.

Registration Statement No. 2-4832. Form A-2. (9-6-41)

BULLION, INC.

Bullion, Inc., registered 110,000 shares of $1 par 8% non-cumulative preferred stock and 110,000 shares of common stock, ten cent par

Address—1st Nat'l Bank Bldg., Deadwood, South Dakota

Business—Gold mining

Underwriter—None

Offering—Preferred will be offered at $1 per share, and common at 10 cents per share

Proceeds—For development of mining properties, purchase of machinery and equipment, and working capital

Registration Statement No. 2-4763. Form A-O-1 (5-20-41)

Effective—4:45 P.M., E.S.T. on Sept. 23, 1941 as of 4:45 P.M., E.S.T., Aug. 10, 1941.

GULF POWER COMPANY

Gulf Power Co. registered with SEC $5,600,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate will be supplied by amendment

Address—8-10 N. Palafox St., Pensacola, Fla.

Business — An operating subsidiary of Commonwealth & Southern Corp., engaged in northwestern portion of Florida in purchase and sale of electricity and gas

Offering and Underwriting — The bonds will be sold to public at price to be supplied by amendment. Bonds will be sold under competitive bidding rule of SEC Names of underwriters by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., will be applied as follows: redemption at 103½ of $2,500,000 5% First and Refunding Mortgage bonds, due 1968; redemption of so much of the $3,100,000 of 4% First and Refunding Mortgage bonds as may have been issued to the RFC; and balance to be used for additions and improvements to company's electric utility plant.

Registration Statement No. 2-4833. Form A-2. (9-8-41)

Effective—4:45 P.M., E.S.T., Sept. 22, 1941.

Declaration Effective—The SEC on Sept. 22 permitted to become effective declarations filed by company regarding the proposed financing

Bids—for the sale of the bonds will be received at office of Commonwealth & Southern Corp. (parent), 20 Pine St., N. Y. City, before 11 a.m. E.S.T. Oct. 7, 1941. Coupon rate is to be specified by bidders in multiples of ⅛%, but not exceeding 3½%

HOUSTON LIGHTING & POWER CO.

Houston Lighting & Power Co. registered with SEC an indeterminate number of shares of its common stock, no par. (Company has outstanding 500,000 shares of common stock, of which 499,987 shares are held by its parent National Power & Light Co., which latter company also holds options to purchase the remaining 13 shares of outstanding common stock of company).

Address—900 Fannin St., Houston, Tex.

Business—Company is an operating public utility company principally engaged in generating, transmitting, distributing and selling electricity at retail and wholesale, serving 150 communities and an extensive rural area in Texas, including cities of Houston and Galveston.

Underwriter—None.

Offering — No public offering contemplated initially. Company is advised by National Power & Light, that that company has filed with SEC a declaration under the Holding Company Act contemplating, initially, the exchange of common stock of company which National Power & Light owns, for the $6 preferred stock of National Power & Light Co. and also contemplating that if, upon termination of such proposed exchange plan, National Power & Light still holds as much as 5% of common stock of company, it will dispose of such holdings as promptly as shall be practicable in light of then market and other conditions and with the best interests of its security holders in mind. After such disposition, company will have ceased to be either a subsidiary or an affiliate of National Power & Light Co. or Electric Bond & Share Co.

Registration Statement No. 2-4827 Form A-2. (8-29-41)

INTERNATIONAL PAPER COMPANY

International Paper Co., registered with SEC 1,387,748 23/40 shares of common stock, $15 par value

Address—220 E. 42nd St., New York, N. Y.

Business—After the filing of registration statement, but prior to the time when it becomes effective, International Paper Co. will acquire all of the assets of International Paper & Power Co., including over 99% of the stock of International Paper Co. (New York, formed in 1898) in exchange for stocks, warrants and warrant scrip of company and assumption by company of all liabilities of International Paper & Power Co. After this acquisition of assets, a plan of consolidation of said International Paper Co. into the company will be presented for approval of Board of Directors and stockholders of said International Paper Co. and the company. Company was formed in New York on June 23, 1941. Principal operations of company and subsidiaries are conducted in the U. S., where they are engaged primarily in manufacture and sale of kraft paper and board (bleached and unbleached), groundwood specialty paper, book and bond papers, jute boards, corrugated containers, bags and allied products. Company also has substantial investments in Canadian subsidiaries

Underwriter—No commitment to take the shares registered has been made

Offering—1,347,748 23/40 shares are to be issued upon exercise of outstanding Common Stock Purchase Warrants, entitling each holder thereof to purchase one share common stock at $25 per share, expiring Sept. 26, 1942. Remaining 40,000 shares to be issued upon exercise of outstanding option held by Calvin A. Agar, entitling him to purchase such 40,000 shares at price of $15 per share, expiring Dec. 31, 1945

Proceeds — For general corporate purposes

Registration Statement No. 2-4838. Form A-2. (9-12-41)

MISSISSIPPI POWER COMPANY

Mississippi Power Co. registered with SEC $8,927,000 First Mortgage Bonds, due Sept. 1, 1971. Interest rate to be supplied by amendment

Address—2500 14th St., Gulfport, Miss.

Business—A subsidiary of Commonwealth & Southern Corp. this company is engaged within the southeastern portion of Mississippi, in the generation, purchase, distribution and sale of electricity at retail in 135 communities, rural areas, and sale at wholesale of electricity to 6 rural cooperative associations

Offering and Underwriting—The bonds will be offered to the public at a price to be supplied by amendment. The bonds will be sold under the SEC's competitive bidding rule, with underwriters to be supplied by amendment

Proceeds—From sale of the bonds, together with $250,000 in cash to be received from Commonwealth & Southern Corp., parent company, will be used (a) to redeem $6,177,500 of 1st & Ref. Mtge. 5s, 1955, at 103½ and accrued interest, (b) redemption of so much of the $2,750,000 of 1st & Ref. Mtge. 4s of 1951 as may have been issued to the RFC, at 100 and accrued interest, and (c) to construction of additions and improvements to company's electric plant.

Registration Statement No. 2-4834. Form A-2. (9-8-41)

Effective—2:30 P.M., E.S.T., Sept. 23, 1941.

Declaration Effective—The S.E.C. on Sept. 25 permitted to become effective declaration filed by company regarding the proposed financing. Bids for the sale of the bonds will be received up to 11 A.M. on Oct. 14 at office of Commonwealth & Southern Corp., (parent) 20 Pine St., N. Y. City. Coupon rate is to be specified by bidder in multiples of ⅛%, but not exceeding 3½%.

SOUTHEASTERN INDIANA POWER CO.

Southeastern Indiana Power Co. registered with SEC 2,000 shares 6% cumulative preferred stock, $100 par

Address—Rushville, Ind.

Business—A public utility company engaged in transmitting, distributing and selling electricity in southeastern Indiana

Offering — The preferred stock will be offered to public at a price to be supplied by amendment

Underwriter—Central Republic Co., Inc., Chicago, is sole underwriter

Proceeds—From sale of the 2,000 shares preferred stock, together with aggregate of $1,152,280 to be received by company from sale of other securities ($650,000 4% first mortgage bonds to an insurance company, $350,000 Serial Guaranteed Debentures to a bank and an insurance company, and 12,500 shares $10 par common stock) are to be applied by company to acquire all the outstanding capital stock and funded indebtedness of Hoosier Public Utility Co. and for other corporate purposes

Registration Statement No. 2-4830. Form A-2 (9-6-41)

VIRGINIA LAND CO.

Virginia Land Co. registered warranty deeds representing interests in oil and gas lands in the Everglades, Florida, about 50 miles west of Miami

Address—Theatre Building, Coral Gables, Dade County, Florida

Underwriters—None

Offering—Interests will be sold to the public at prices from $20 per acre up to $150 per acre

Proceeds — For development of lands, purchase of equipment, and working capital

Registration Statement No. 2-4767. Form S-10 (5-23-41)

Effective—Under notice of deficiency 4:45 P.M., E.S.T., Sept. 21, 1941.

New Tax Bill Becomes Law

The record-breaking tax bill, estimated to yield $3,553,400,000, became law on Sept. 20 when President Roosevelt signed the measure at his Hyde Park (N. Y.) home. Congressional action on the bill was completed Sept. 17 but the President delayed affixing his signature until he had had time to study its provisions.

Some provisions of the new tax law become effective at once, while others—including excise taxes—begin Oct. 1. New income levies are payable March 15, 1942 covering the calendar year ending Dec. 31, 1941. One of the most important sections of the new bill is that reducing the present income exemptions from $2,000 to $1,500 for married persons and from $800 to $750 for single persons. It is estimated that this provision will require an additional 4,930,000 persons to file income tax returns, of which number about 2,275,000 will be obliged to pay some amount, estimated in the aggregate at $47,000,000.

The bill continues the normal tax rate at 4% but lowers the level at which surtaxes must be paid to the first dollar of net income; under the old law surtaxes began on net incomes of $4,000. The rate of surtax under the new law is 6% on net incomes up to $2,000, 9% from $2,000 to $4,000, 13% from $4,000 to $6,000, and so forth. Under the old law the surtax on net incomes of $4,000 to $6,000 was only 4%.

The legislation also sharply increases corporation net income taxes, raises existing "nuisance" taxes and imposes new levies on many articles.

Of the total additional revenue provided in the measure, Treasury estimates said $1,144,600,000 would come from individuals, $1,382,100,000 from corporations, $179,900,000 from capital stock, estate and gift taxes, and $846,800,000 from excise and miscellaneous taxes.

Final Congressional action on the legislation was indicated in our issue of Sept. 18, page 209.

Another new revenue measure, expected to be brought before Congress this Fall, will be of minor proportions in comparison with the bill just enacted. This supplemental tax bill, on which Treasury and Congressional experts have already started work, will probably concern a redefinition of taxes on large mutual insurance companies and some change in the present community property system.

OPA Revokes Price Ceiling on Hard Coal

The price schedule on anthracite coal continuing the Aug. 15 prices was revoked by Leon Henderson, head of the Office of Price Administration, on Sept. 17 following a conference with leading Pennsylvania hard-coal producers. At the meeting, it is said, full and comprehensive data supporting the 15-cent a ton price advance, which had been scheduled to go into effect Sept. 15, was submitted. Mr. Henderson's order on Sept. 12 prohibiting the advance was due to failure of the members of the industry to supply information justifying an increase. However, the anthracite producers went ahead with the increase, thus necessitating the conference. Mr. Henderson said on Sept. 17 that the operators had agreed not to take any further action on prices "without prior consultation and approval of the OPA."

Ceiling Prices Fixed For Waste Paper

Maximum prices for all grades of waste paper, effective Oct. 1, in the area east of the Rocky Mountains were established on Sept. 19 by Leon Henderson, Federal Price Administrator. The schedule, which is generally in line with prices prevailing June 16, ranges from $13 for No. 1 mixed paper to $60 for hard white envelope cuttings. These prices, Mr. Henderson said, are the maximum which consuming mills can pay their shippers at point of shipment, and he added that it was expected that prices paid by wholesalers, brokers and dealers would be below these levels.

The schedule does not apply west of the Rockies.

The action was necessary inasmuch as the effect of the voluntary agreements have been "largely nullified by failure of certain members of the trade" to conform to them. Mr. Henderson's order said that the defense effort has placed an increasing burden upon the wastepaper supply since it is a basic raw material in the manufacture of containers for food and manufactured products.

Dutton Retires

Walter Dutton, Secretary of Commodity Exchange, Inc. since its organization in May, 1933, retired from that office on Sept. 30. Mr. Dutton served as Secretary of the Rubber Exchange of New York from its formation in January, 1926, until it merged into Commodity Exchange, Inc. in 1933.

J. P. Morgan & Co. Not Eligible as Trustee For Underwritings of Morgan Stanley & Co.

The Securities and Exchange Commission ruled on Sept. 19 that J. P. Morgan & Co., Inc., is ineligible to serve as indenture trustee for securities underwritten by Morgan Stanley & Co., Inc., because the Commission was "unable to find that applicant trust company is not under common control with such underwriter." The opinion was rendered under the provisions of the Trust Indenture Act of 1939.

Under all the circumstances of this case, the SEC report said, "we are of the opinion that the persons in control of the two corporations have such a community of interest as to preclude a finding by us that the trust company is not "under direct or indirect common control" with the underwriter. The provisions and intent of Section 310 (b) of the Act are such that under existing circumstances, for the purposes of Sections 305 (b) and 307 (c), we are unable to conclude that the applicant trust company is eligible to act as indenture trustee in respect of securities of any obligor for which Morgan Stanley & Co. Incorporated is or may be an underwriter."

We also quote the following from the SEC report:

> It would, of course, be improper for us to speculate here as to what these particular individuals would do if the trust company, as indenture trustee, were faced with the dilemma of choosing between (a) action that would seriously embarrass the underwriter in order to safeguard the holders of indenture securities, and (b) action that might perhaps result in detriment to such security holders but which would safeguard the good name and financial interests of the underwriter. It is naturally to be hoped that these individuals, or indeed any one in like position, would make certain that the trust company did its duty as indenture trustee even at the risk of serious injury to the underwriter.
>
> But the Trust Indenture Act does not deal with personalities or leave such speculative matters for our determination. It is directed against the mere existence of a situation in which the self-interest of the trustee or of those who control it is likely to conflict with the interests of the security holders to whom the trustee owes fiduciary responsibilities. To this end the Act renders a person possessing such a conflict ineligible to act as trustee under the indenture.

The existence of a "community of interest" between the two firms, the SEC said was established by the following factors:

> (1) The personnel originally selected from the securities end of the Morgan partnership business to manage the underwriter remains in unbroken control of the underwriter. The original selection of personnel, the organization, corporate name, scope and character of business, financing and sponsoring of the underwriter, all were matters of concern to the Morgan partnership, and as to these matters the decisions were made by the partners of that firm generally and not merely by those who constitute the management of the underwriter.
>
> (2) When the underwriter was organized it was decided by the Morgan partnership that the underwriter would engage in the same kind of securities business as that formerly conducted by the partnership. It was the hope of the partnership that the Morgan name in the corporate title of the underwriter would carry into its underwriting business such good-will as already attached to that name.
>
> (3) The underwriter has in fact been successor to the se-

(Continued on Page 400)

Loans By Jones

(Continued from Page 385)

Quite a legend already has grown up around the indefatigable Mr. Jones. One aspect of that legend is the reputedly unerring instinct for soundness in loans extended by him. Mr. Jones makes no such pretensions in his own behalf, but the legend is being fostered sedulously in many ways, including the dissemination of official propaganda from Washington.

There was, for instance, a curious radio broadcast some days ago, in which the task of Mr. Jones was dramatized rather naively. He was pictured as considering the plea of a cattle raiser for a loan, and finally deciding to make the advance because the applicant had buck-teeth and crow's feet around his eyes. Mr. Jones, it appeared, had never lost money on people with such accoutrements. The RFC, in the same broadcast, was pictured as laboring mightily and sympathetically to extend a loan of $36 to a Kentucky mountaineer.

Such pleasantries are harmless, of course, save in the sense that they tend to divert attention from many RFC activities which need a little study. Before the Administration decided to plunk for lend-lease to Russia, as well as other countries, Mr. Jones bowed to the wish of the President and announced that arrangements had been made for buying up to $100,000,000 of minerals from Russia, with $10,000,000 to be advanced immediately to Russia and up to $50,000,000 to be advanced before delivery of the goods.

Whether it is advisable to aid Russia to this extent is plainly a matter of high policy, which Congress ought to decide. In the latest lend-lease proposal, Congress is asked to decide the matter. Before the lend-lease decision was outlined at the White House, however, Mr. Jones already had moved in the direction desired, at the behest of Mr. Roosevelt. The Treasury previously had acted in much the same manner, with gold as the promised collateral for a loan of $10,000,000, which merely complicates the situation additionally.

In mid-September, as it happens, Congress and the taxpaying public were afforded a little insight into the vast and steadily expanding ramifications of the lending activities directed by Mr. Jones. Being "about out of credit," the Federal Loan Administrator applied for legislative authorization to increase the lending power of the RFC by $1,500,000,000. Thoroughly accustomed to the grand manner, Mr. Jones could not readily supply information on the lending power already possessed by the agency. His minions hastily furnished the data, however, and thus it was disclosed that authorized loans and investments from date of organization to the date of report totaled $15,057,000,000, while actual disbursements were $9,075,000,000.

These are breath-taking figures, even in these days of annual tax bills running to $13,000,000,000. It is entirely "other people's money" with which Mr. Jones is acting. Vast as the sums are which flow under his control, attention to small detail is not lacking. Among the measures planned, it seems, is the provision of scholarships to youths from each of the Latin-American countries, so that manufacturing methods of the United States can be studied and carried back home by the students. Many a small American manufacturer will wonder about this method for educating his market out of the demand for his wares.

As for the legend of soundness in loans extended by Mr. Jones, the political nature of the advances serves as an adequate rejoinder. There are huge projects now afoot which are being financed by the RFC, but which are of dubious financial aspect, to say the least. But the words of Mr. Jones, himself, are available on that subject, for in the relatively quiet days just before the European war began, he conceded in a hearing before the Senate Banking Committee that the RFC is "going to have plenty of losses."

What such losses already amount to would appear to be a fit subject for study by Congress, before fresh funds are placed at the disposal of the RFC and before Mr. Jones extends the New Deal reconstructing too far into Russia, South America and other distant points. When the Senators in July, 1939, pressed him for definite information on losses, Mr. Jones lamely remarked: "I am ashamed to tell you what I think it will be. It will be plenty." This bit of background is fit food for current thought.

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UP-TOWN AFTER 3

THE STAGE

"The Maltese Falcon" (Warner Bros.) starring Humphrey Bogart, Mary Astor; with Gladys George, Peter Lorre, Sidney Greenstreet and others. Directed by John Husten.

A completely satisfying mystery yarn, chock full of suspense, action and plenty of excitement. It even has a kind of romance but not enough to detract from the main plot or to slow down the action. Based on Dashiell Hammett's book the story involves the search for a mysterious black figure—the Maltese Falcon—supposed to have been a gift from the Crusaders to Charles of Spain. The search results in three murders by a gang headed by as suave a villain (Sidney Greenstreet) as we have seen in many a month. Humphrey Bogart as the tough private detective is hired by Mary Astor who starts the whole thing off. The final result is one of the best spine tingling mystery movies we have seen in a month of Sundays.

"Honky Tonk" (M-G-M) Stars Clark Gable, Lana Turner and features Frank Morgan, Claire Trevor, Marjorie Main and Albert Dekker. Directed by Jack Conway.

Be prepared to hear all the MGM drum thumpers beating out the message that this is the Picture of the Year. Well, it has quite a cast, and it's a long picture. Yet, after all is said and done it's little more than a glorified western. Some scenes are so torrid you'll wonder how they ever managed to pass the Hay's office; others so hackneyed, you know what's coming next. Gable as the self assured cocky he man is a card sharp who becomes tired of being driven out of towns so he decides to own a town and run it himself. Lana Turner, exhuding all the oomph that made her famous is the daughter of the local judge who is a reformed confidence man himself. Of course Gable and Miss Turner meet and after a few preliminary passes get married (though he isn't the "marrying kind"). Naturally the crime-does-not-pay people must be appeased so Gable ends up behind the 8 ball but still has his Lana to keep him company.

RESTAURANT

"Oscar's" (146 E. 56th) a large restaurant on the site of the old Bustonaby's opened its doors only a week or so ago. But despite its infancy its reputation keeps the handsome room filled. Oscar, in case you don't know, is the same Oscar who owns and runs that restaurant on William & Beaver Street, a place well known to Wall Streeters. His new place is lot fancier and goes in for more elaborate dishes but the same hominess, present downtown, exists here too. On our first visit we were accompanied by the army, more specifically a member of the 4th Armored Division who was eager to taste the fleshpots of the Big City. The tank driver, staggering away from the table, pronounced Oscar's as having the best food, the grandest service, and the coziest atmosphere he has experienced in a long time. You might like to know the chefs at Oscar's came from the Swiss Pavilion at the World's Fair and know their job.

NIGHT CLUBS

"La Conga" (209 W. 51st) reopened its doors last week with none other than Georgie Price as the top attraction. George is a contemporary of the Jessels, the Jolsons, the Bakers and the Cantors. But where these have continued in show business Georgie left and went into the Street. As a broker he is known as George E. Price & Co., members of the N. Y. Stock Exchange but away from this what's-Steel-selling-for-business he is a different person entirely. His singing, his showmanship, his ability to keep audiences in the palm of his small hand, is still as good as ever. The first night audience just wouldn't let him leave the floor and New York first nighters can be plenty tough. On the same program is a dance team, Di Gatanos, who are making their local debut. She is one of the loveliest creatures appearing in night clubs today. She is tall and slender and has blonde hair. Her partner, dark haired, makes an excellent foil. Together they make a splendid team. Then there's another dance team, Marquita and Pancho who do Latin dances. The music is by Jack Harris orchestra, a grand combination and Norro Morales' band which plays the conga's and rhumbas.

That sawdust covered 45th Street honky-tonk—Jimmy Dwyer's—has gone fancy. It now places a ten cent cover charge on all table sitters—to keep out the riff-raff. But it's still the same old place for a casual good time. It still has the 4 small pianos pounding away like mad; singing waiters all who hale from vaudeville relieving their past glories and a jammed bar where Navy and Army uniforms rub shoulders with white ties and ladies in long swishy gowns. It's that kind of place. Nothing fancy about it but the fun and here you are encouraged to make it yourself.

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J. P. Morgan & Co. Ruled Ineligible

(*Continued from page 399*)

curities business formerly conducted by the Morgan partnership. Many of the customers of the underwriter were derived directly from the old partnership, and nearly all of the underwriter's customers are also customers of the Morgan trust company, successor to the partnership.

(4) The trust company and the underwriter serve these customers under the common imprimatur of the Morgan name, and the controlling holders and chief executive officers of both the trust company and the underwriter are vitally interested in the good-will enjoyed by both of the Morgan corporations. Moreover, controlling stockholders and senior officers of the trust company, as well as those of the underwriter, are substantially interested in the financial prosperity of the underwriter.

Marketing Allotments On Beet Sugar Lifted

The U. S. Department of Agriculture announced Sept. 22 that 1941 sugar marketing allotments for processors in the continental beet sugar area have been rescinded.

The Secretary of Agriculture on May 9 issued an order, under the provisions of the Sugar Act of 1937, alloting the beet quota to the 25 beet sugar processors in the area. However, the apparent desire of buyers, including housewives, to carry unusually large reserves of sugar led to establishment of a quota on Aug. 29 some 50% higher than that in effect on May 9, the Sugar Division of the Agricultural Adjustment Administration pointed out.

This quota increase made it unnecessary to maintain limitations on processors' marketings and led to the removal of allotments, Sugar Division officials explained. The move, they said, will permit processors to dispose of surplus stocks of sugar, and enter 1942 without an excessive carryover.

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THE BOND SELECTOR

McKesson & Robbins 3½% Debentures A Well Protected Issue of a Sound Wholesale Drug Company

McKesson & Robbins 3½% Debentures, due 1956, were offered early in July this year at 104¾ in the total amount of $13,700,000. Currently selling at 103⅜, the the debentures yield 3.22% to maturity, and are considered an attractive investment for those seeking a good quality issue with a medium-term maturity.

Few people, on the morning of December 16, 1938, when F. Donald Coster (Musica) committed suicide in his Bridgeport home, would have been willing to lend credence to the possibility that the firm of which he had been president would, in a very short time, be considered by investors a highly successful and prosperous enterprise. And yet, since operating under a trusteeship for nearly three years, McKesson & Robbins has proved itself one of the country's leading drug and wholesale liquor distributors. Its sales and earnings are extremely satisfactory, its financial tangle has been completely unravelled and it now has an enviable working capital position.

The capitalization of the company prior to the time of the issuance of the debentures under discussion consisted of $15,725,000 of 5½% debentures, $29,785,000 of $3.00 preference stock and 1,263,053 shares of common. The issue of 3½% debentures plus 56,000 shares of new 5¼% preferred stock and treasury cash took care of most of the old claims, including the 5½% debentures which were paid off at par plus interest and interest on unpaid interest. All this was accomplished by the Plan of Reorganization which was confirmed by the Court on May 15, 1941.

McKesson & Robbins, Inc., was organized in 1928 as a combination of a group of well-known wholesale drug companies. Almost all of the businesses thus acquired had been founded prior to 1910 and many of them had been in existence before 1870. The manufacturing unit of the company had been operating a drug business originally founded in 1833, and known as McKesson & Robbins since about 1843. At the present time, the company's wholesale drug business is carried on through sixty-five divisions, located throughout the country in thirty-four states and Hawaii. The company distributes in its wholesale drug business the thousands of products which are usually sold by retail drug stores, including drugs, pharmaceuticals cosmetics, toiletries and drug sundries.

Principal advertised products of its manufacture are Calox Tooth Powder, Albolene Cleansing Cream, and Yodora, a deodorant. The company is also engaged, either directly or through subsidiaries, in certain less important related activities. They include operation of its Heavy Chemical Department; doing a commission and trading business; and operating an Export Department which exports its products mainly to South America at the present time.

After the repeal of the Prohibition Amendment in 1933, the company expanded its facilities for the distribution of alcoholic beverages, having been previously engaged in the distribution of these products for medicinal purposes under governmental permits. At present, the company engages in the wholesale liquor business through outlets in twenty-one states, and has exclusive agencies for distribution of certain well-known brands of wines and liquors. These include Ronrico Rums, Sandeman's Ports and Sherries, and Martin's Scotch Whiskeys.

For the year 1940, net sales of the company, less certain intercompany sales, were $155,406,000. Of this total, 67.9% represented wholesale drug sales, 27.6% liquor sales, and the balance miscellaneous. Net profits between the drug and liquor business showed a fairly close correlation with sales, 68.4% of net earnings derived from drug sales and 24.1% from liquor.

Sales and earnings available for interest on the 3½% debentures, using the maximum annual interest requirements of $479,500, for the last three years have been as follows:

	Net Sales	Total Income	Depreciation & Amortization	Available for Interest	X-Earned
1940	$155,406,000	$6,201,000	$468,000	$5,733,000	11.9
1939	148,292,000	5,404,000	525,000	4,879,000	10.2
1938	146,174,000	3,138,000	539,000	2,598,000	5.4

From sales and earnings known so far this year, it appears that the income available for interest will be considerably greater than in 1940. For the first six months of 1941, income available for interest on the 3½% debentures amounted to $3,515,102, indicating an interest coverage of 13.8 times; this contrasts with $2,571,000 for the first half of 1940, equivalent to 10.7 times.

Financial position of the company is excellent. At June 30, 1941, total current assets of $60,794,000 included $8,023,000 of cash, receivables of $19,793,000 and drug and liquor inventories of $32,515,000. Total current liabilities of $14,055,000 included no bank borrowings, merely the usual accruals. Resulting net working capital of $46,739,000 is equal to $3,411 for every $1,000 of debentures outstanding.

The debenture 3½s, due 1956 are redeemable up to and including June 30, 1944 at 107¾; from that date to June 30, 1947 at 106, and at lower prices thereafter. The bonds carry a sinking fund provision under which the company is obligated to pay to the Trustee semi-annually a sum equal to 2% of the maximum principal amount of debentures at any one time outstanding. In other words, the company must retire $548,000 principal amount of bonds each year with the result that by 1956, the year of maturity, 60% of the debentures will have been retired, leaving only $5,480,000 of the original issue of $13,700,000 outstanding fifteen years hence.

The margin of safety on these debentures is extremely wide considering the nature of the business of the obligor, and consequently they offer an attractive medium for funds seeking employment in fixed obligations of a non-defense industry.

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N. Y. Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following weekly firm changes:

Transfer of the Exchange membership of Lyman D. Smith to Joseph Walker will be considered on October 9th.

Transfer of the Exchange membership of Bert V. Smith to J. Richard Schwabach will be considered on October 9th.

Reg Halladay, special partner in Halladay & Co., New York City became a general partner effective October 1, 1941; W. Knowlton Hoag and William A. Hoven retired from the firm on September 30th.

Victor S. Byron, general partner in Johnson & Wood, New York, became a limited partner on October 1st.

George W. Jewett withdrew from Jewett, Newman & Co., New York City, on September 30th.

Richard B. Neiley retired from Practor, Cook & Co., New York, as of September 30th.

Herbert N. Rawlins, Jr., retired from Winslow, Douglas & McEvoy, New York, effective September 30th.

Ceballos & Geer, New York City, dissolved on September 30th.

Elliott, Crawford & Co. dissolved partnership on September 30th.

The firm of Stafford & Co. was dissolved as of September 30th.

Erickson Perkins & Co., Rochester, N. Y., retired as a Stock Exchange member firm on September 23rd. However, the firm will continue in business.

It was formerly announced that the interest of Emil Eisemann, deceased, as a limited partner of Alexander Eisemann & Co., ceased on August 2nd. The Estate of Emil Eisemann has become a substituted limited partner, effective as of August 4, 1941.

Northern Natural Gas, Common
American Airlines, Pfd.
Browne & Sharpe Mfg. Co.
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FHLBB Foreclosures

The Federal Home Loan Bank Board recently reported that the total number of non-farm real estate foreclosures in the United States declined 4% from 5,047 cases in June to 4,834 in July; however, since a reduction of 6% is normally expected at that time of year, the current movement may by comparison be considered as slightly unfavorable. As a result of this less-than-usual decrease in activity, the seasonally adjusted foreclosure index rose 2% in the month of July and now stands at 37.3 as compared with the average month of the 1935-39 period. The Board goes on to report:

> Approximately one-half of the individual states in the country displayed June-to-July movements less favorable than those usually experienced at that season of the year. Concentrations of these unfavorable shifts were most apparent in the industrial Northeast as well as in the Southwestern and Rocky Mountain regions. So far this year, however, all but eleven widely scattered states indicated drops in excess of 10% from the same 1940 period, while the average decline for the country at large amounted to nearly twice this figure.

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The COMMERCIAL & FINANCIAL CHRONICLE

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WITH WHICH HAS BEEN COMBINED THE FINANCIAL REPORTER

Volume 154 Number 3988 New York, N. Y., Thursday, October 2, 1941 Price 40 Cents a Copy

Sees Bankers, Bank Supervisors Faced by Challenge to Foresight

Declaring that "to-day bankers and bank Supervisors are faced with a new set of circumstances—circumstances which are a challenge to their foresight, their consistency, and their ability," Leo T. Crowley, Chairman of the Federal Deposit Insurance Corporation warned that "a great portion of the world now is engaged in costly, destructive, devastating total war," and said:

> We must recognize that every part of this land is to some extent affected economically and financially by the existing situation. We must anticipate a period of severe, sweeping readjustment when hostilities are concluded. We must recall that wars have caused the most severe economic collapses and the greatest financial tragedies of history. We cannot forgest that economic dislocation and financial strain have been chronic in most parts of the world ever since the war of 1914-1918. We must agree that had the world been able to make better economic and financial adjustments after World War I we might have been spared the horrors and the tragedy of World War II.

Mr. Crowley's remarks were addressed to the National Association of Supervisors of State Banks, in annual Convention at St. Paul, Minn., on Sept. 27, and in his address he said: "Now, certainly is a time when we should review our responsibilities as bank supervisors, look back at what happened to our financial institutions after the last war, estimate the effects of this war's aspects upon the banks and plot our future programs." Continuing, Mr. Crowley stated:

> The primary task of bank supervisors has not changed an iota since the beginning of bank supervision. We still are charged principally with protecting bank creditors—depositors in the main for the last 60 years—from loss of their funds. We may theorize and we may chat till kingdom come, but we can't alter the job we have to do.
>
> It is necessary for efficient administration of government that there be many regulatory agencies, each charged with responsibility in a particular field of activity. In times of emergency the temptation always is great upon administrators to extend their fields of activity and to encroach upon the provinces of their neighbors. I hope that we bank supervisors will not read into our delegated functions a mass of unrelated new responsibilities that will weaken our administration of the prime supervisory function. Taxation and other fiscal problems, labor problems, monetary and credit controls, all will have some impact upon the banks, just as they have on every other type of business. But agencies exist that are charged with regulation of these aspects of the economy. Let those agencies function as they were intended, and let us not interfere with their functioning. Our own time will be fully occupied if we administer properly our jobs as guardians of depositors' welfare.
>
> By the same token, I should not like to see any of the other agencies transgress upon the field of bank supervision. There are those who claim that bank supervision is simply an implement of credit and monetary control, who maintain, that economic maladjustment can be avoided or limited by controlling bank extensions of credit according to their purpose, and who want control of the power of bank examination to further that doctrine. I believe that bank supervisors should stongly oppose all attempts to divert bank supervision from its obvious and explicit true purpose. And I know that, insofar as Federal supervision goes, the

(Continued on page 404)

FROM WASHINGTON
AHEAD OF THE NEWS

Simply as a commentary on men and events, now that Senator Tom Connally of Texas, is leading the fight to repeal the Neutrality Act, is the fact that no other man is more responsible for its being on the statute books in its present form. The Senator has been a member of the Foreign Relations Committee ever since he has been in the Senate and before that he was a member of the House Foreign Affairs Committee. In fact, had he remained in the House he would be the present chairman of that committee instead of Sol Bloom. As a member of the Interparliamentary Union the Senator has been to several meetings of that gathering of world statesmen at Geneva, London and elsewhere, and being of a critical turn of mind he speaks pretty frankly about the European politicians he has met.

When Congress adjourned in August 1939, Connally issued a statement to the press that there would be no war in Europe before the Congress returned. He was one of those who scotched the President's request for repeal of the Neutrality Act at that time Then when the President called Congress back a few weeks later after Hitler had invaded Poland and again sought repeal of the Neutrality Act, Connally went among his colleagues and citing the purge campaigns of 1938 and the President's effort to reform the Supreme Court in 1937,

(Continued on Page 402)

GENERAL CONTENTS

Editorials

	Page
A Roman Peace	401
The Drunken Party	402

Regular Features

From Washington Ahead of the News	401
Legal Oddities	416
Moody's Bond Prices and Yields	409
On the Foreign Front	407

State of Trade

Weekly Review	404
Coal and Coke Output	407
Commodity Prices—Domestic Indexes,	408, 410
Commodity Prices—World Index	411
Crude Oil Production—Week	404
Electricity Output	406
Iron and Steel Operations—Weekly Review	406
Lumber Production, Shipments, Orders	411
Non-ferrous Metal Market Review	408
Petroleum and its Products	405
Railroad Car Loadings	405

Miscellaneous

Investment Companies Organized	403
Sees Bankers Faced by Challenge	404
Trading on N. Y. Stock Exchanges	410
Association S. E. Firms Reorganize	412
RFC Buys Russian Minerals	412
President Asks $5,985,000,000	411
American Wage Earners Work Longer	413
Items About Banks	413

The September 30th Issue Delayed—

The September 30th issue of the Financial Chronicle is being held up to give precedence to the October 2nd issue, containing news, editorials and special features. The delay of any issue of the Financial Chronicle is unfortunate, but publication of the news seems more important than absolute promptness in the release of statistical material. Although the basic cause of this delay lies with our labor union difficulties, we are gradually catching up with our publishing schedule, and will presently resume publication of much material which our readers have long found useful but which has temporarily been crowded out. We hope that our readers will continue to be patient with us for just a little while longer.

Editorial—

A Roman Peace

In the "Magna Charta of the Atlantic" and in much that had proceeded from the mouths of officialdom in this country long before the historic meeting "somewhere at sea," the notion was plainly evident that somehow Great Britain and the United States of America were in duty bound to enter into a joint partnership for the purpose of ruling the waves if not the world in order to bring peace and justice to all peoples in the future. Nowhere, however, has this idea been more directly and more forthrightly put into words which even the wayfaring man need not misunderstand than in an address on October 1 by the Secretary of the Navy to the American Bar Association. Such a world of peace and goodwill as is envisioned must, the Secretary concedes, be a product of the soul of man, but meanwhile during a period apparently believed likely to last a century while "minds and hearts grow attuned to such a beneficient idea" force must be employed to effect at least the outward manifestations of such a millenium. Plainly, the United States is expected to provide that force in large part.

To such a state has the League of Nations idea fallen during the past twenty-odd years! The Wilson-conceived idea of a world organization to make the world safe for democracy was never very much in accord with the world as it existed. It was a beautiful structure erected in vacuo as it were, and it met the fate all realists expected it to meet. The modern version now brought forth by the Secretary of the Navy will doubtless by many "modern" minds be found more "realistic" in that it accepts the modern—yet infinitely old—notion of force as the ultimate arbiter of fate, but most Americans must find it correspondingly even less

(Continued on Page 402)

IN THIS SECTION

Investment companies forming permanent national association. Page 403

RFC to purchase $100,000,000 worth of Russian minerals—Proceeds for war purchases in U. S.—Treasury grants $10,000,000 loan against gold shipments. Page 412

President Roosevelt requests additional $5,985,000,000 for Lend-Lease program—amount needed to avoid interruption in flow of materials to democracies. Page 411

President Roosevelt says threat to nation is real, not imaginary—Message to American Legion Convention. Page 415

Labor Bureau's wholesale price index down 0.1% during week ended Sept. 20. Page 408

Fertilizer Association commodity price index again declines. Page 410

Crude oil production for week ended Sept. 27th totaled 4,060,000 bbl. Page 404

Leo T. Crowley on new circumstances facing bank supervisors—urges government heads to forestall inflation. Page 401

(Continued on Page 416)

Binders For The Convenience Of Our Subscribers

Arrangements have been made with the "Expandit" Binder to supply temporary binders in which to file current issues of the Financial Chronicle in its new form. These will facilitate the use of the Chronicle and will protect copies against mutilation and loss. The cost is $2.50 plus postage for each of these binders which have been designed to hold one month's issues of the Financial Chronicle. Orders for binders should be sent to "Expandit" Binder, 25 Spruce Street, New York City. Delivery will be made in about three weeks.

From Washington

(Continued from Page 401)

argued that he had too much power, that he was a power grabber, and that it was essential that his hands be tied in a knot on any version of a new Neutrality Act.

Mr. Roosevelt writing in Collier's Magazine, makes it appear that the sort of Neutrality Act modification which he got was just what he wanted. This is not the fact. The President's own leaders were afraid of him and Connally was the ring leader among them. They gave him the so-called "Cash and Carry" bill instead. This bill prohibited American merchant ships from sailing into war zones and provided that any goods bought in this country by belligerents had to be paid for in cash on the line.

History will probably view with amazement that within a few days after the passage of this bill it became known that the Maritime Commission planned to transfer American merchant ships to Panaman registry. This was such a flagrant violation of the spirit of the Act that Cordell Hull vigorously protested, and Mr. Roosevelt after weighing the matter for several days, finally ruled with Hull. But once the spotlight of publicity was removed, the ships were gradually transferred to Panaman registry.

Connally was avowedly motivated in championing the "Cash and Carry" plan by the benefits it would presumably give the Texas cotton growers. But, charged with putting their money on the line, the British showed an utter lack of concern in American cotton or agricultural products. They continued to get these within the empire and from Brazil.

So, the Texas Senator has moved into what the Fight for Freedom Committee looks upon as an all out-aid for Britain man. Under lend-lease, Britain is now taking more cotton and more agricultural products, although Secretary of Agriculture Wickard says frankly he's had an awful time shoving this stuff down the throats of the British.

Connally will now use his caustic tongue against those who oppose the repeal of the Neutrality Act, or substantial modification. The fact remains that it is in its present form because of him more than any other man. He is quite tenacious when he is working at anything, and his tenacity will be most helpful now in repealing or virtually repealing the Act. And manifestly, it is an incongruous thing, in view of the course this Government has followed. The Government's foreign policy, under this Act, has been pursued wholly through subterfuge, but it has proceeded steadily under that subterfuge.

The only important objection which the Isolationists can logically register against repeal—which all the shooting will be about—is that ships under Panaman flags now entering war zones will proceed under American flags. Therefore, if and when anything happens to them, the country can get properly indignant. No additional ships will go to the war zones as a result. Repeal will also carry approval of the President's course.

It is an oblique way to get approval because the fact is that Congress will not, of today, declare a state of war. Congress' attitude heretofore, and the attitude of the leaders, has been that Mr. Roosevelt could go ahead with anything with which he could get by with. The leaders were aghast when he told them he had landed marines in Iceland and they told him then that if he could get by with this move it was o.k., but not to put any of these matters up to Congress. It didn't want the responsibility.

(Continued on Page 403)

Editorial—

The Drunken Party

It was necessary to await one of the none too frequent public utterances of William S. Knudsen for a suitable characterization of the current center of the official interest of America. The talented industrial executive who before acccepting his present governmental task was for more than three decades the efficient head of General Motors Corporation, said: "war is like a drunken party, you never know what will happen next." The simile, in its application to contemporaneous events in Washington is so exceedingly appropriate that it is likely to linger long within the memories and upon the lips of those who despite everything continue to observe events with unclouded vision. Ordinarily, there are very few of the soberly minded who would care to invite themselves to become participants in any drunken party, much less one of such potentialities as that which has confronted the saddened eyes of really neutral observers since the late summer of 1939.

Yet if the United States is participating in the raging orgy there can be no doubt that it is there as a self-invited or volunteering guest. Not, of course, that the potent presence of this country, with its surpassing natural resources, its unequalled capacity to reduce these to practical use, and its millions of stalwart sons available as soldiers, would be undesired or unwelcome to those it might assist. But after its overwhelming popular rejection of the League of Nations and the World Court, after its strong and continuing expressions of return to the doctrine of non-interference in European controversies established by Washington and of regret at its departure from that doctrine in 1917-1918, even the most synical statesmen in Europe could scarcely have believed suffiently in the potency of propaganda and political emotion to make direct overtures for an alliance that would only have had to be sought in order to be almost unanimously rejected. Unmistakably, England and France entered upon their 1939 undertaking, utterly astonishing in retrospect when its insurmountable difficulties of physical geography and equipment are fully perceptible, to relieve Poland from German and Russian aggression and to prevent eastward aggrandizement of Germany, without any warrantable anticipation of military or naval assistance from this side of the Atlantic Ocean. American participation is, therefore, by all possible tests, voluntary and self-invited. And there is such participation at this moment, all visible signs pointing to still greater participation in the very near future.

Certainly, no one could be more accurately advised as to the fact than the President's Under Secretary of War, the Honorable Robert P. Patterson, and just a month ago, addressing the annual encampment of the Veterans of Foreign Wars, in a speech that was broadcast from Philadelphia, he said: "We are not yet in the midst of a shooting war, but we are none the less at war." The reader will note the qualifying "not yet." And, in the speech quoted at the beginning, Mr. Knudsen took such involvment as so far conceded that it might be made the foundation for his plea for universal acceptance of greater sacrifices, longer hours of labor and lower standards of living. He said: ". . . we must be prepared to accept sacrifices in our daily life. We cannot have as good a time and be involved in a war, . . . There will be more and more of us working six days instead of five. . . . It is up to us . . . all of us . . . to see this job through, regardless of the sacrifices we have to make in our comfortable standards of living." Secretary of the Navy Knox, to the same effect, appealing in an address at East Hartford to the United Aircraft Workers for increased efficiency, told them, on Monday of last week, that "American sailormen are today at sea fighting dictatorships."

The "drunken party" is not, it is therefore plain, being allowed to proceed without our presence. Some of its incidents quite fully support the appellation. In the name of "aid to the democracies" the taxpayers of the United States are contributing to the Russian dictatorship of Joseph Stalin which is at war with brave and faithful little Finland to which our own wordy promises of friendliness were extended only two years ago, when that nation was raided by Russia, then acting in pursuance of an effective alliance between Stalin and Adolf Hitler. They had already co-operatively invaded and seized Poland, attack upon which by this partnership of dictators was the ostensible occasion for the declarations of war on the part of England and France. Finland, at this same time is warned by Great Britain, which but recently declined even diplomatic relations with Russia, that persistence by the former in its struggle to regain the areas that the latter forcibly appropriated will lead to its being considered as a "belligerent enemy . . . not only during the war but when the time comes to draw up peace terms for Europe." China, that amorphous giant, largely converted to communism since it emerged from the exotic rule of its alien Manchu dynasty and so far as its untaught millions comprehend the nature of any governmental system, is also receiving huge sums of pecuniary aid from the United States, under the same pretense. Yet all the while, China's persistent enemy, Japan, had to be regularly "appeased" by abundant supplies of American oil which were day after day used to further that country's campaign of invasion within Chinese territory. Moreover, in the eyes of Washington officialdom, all the governments of South and Central America seem also suddenly to have become leavened with the sanctifying leaven of pure democracy. Funds wrung from taxpayers, one-third of whom President Roosevelt declared, during the month just ended, continue to be "ill-clad, ill-housed, and ill-nourished" must be expended by the tens of millions to influence these strange democracies towards friendliness in international affairs and to demonstrate to them the superiority of the friendship of the United States over that of Germany for which temptation to exchange it might conceivably develop. Beneath all this maze of policy, and supporting it all, lies, of course, the avowed purpose to afford effective help to England, whose Prime Minister asserted before the commencement of the war that were he an Italian he would be a Fascist and a supporter of Mussolini's dictatorship and of which Sir Anthony Eden much later said: "We have not got democratic government in this country to-day, we never have had it, and I venture to suggest . . . that we shall never have it."

This fantastic and fatal participation in the "drunken party" may last, declares Senator Claude Pepper, of Florida, who is one of the few who venture upon its bald advocacy, may last five, ten, or even twenty years, and when it attains the intensity that he advises and desires may cost at the rate of $100,000,000,000 a year. As to the probable duration of the conflict, this domestic prophet appears completely to

A Roman Peace

(Continued from Page 401)

to their taste. We should suppose that hardly a thoughtful citizen of the United States could be found in the length and breadth of the land who would, if the matter were fully understood, find much enthusiasm in his heart for the position of benevolent ruler of the destinies of the world. It is such a position that the Secretary seems to wish us to accept. It is an idea which could have found abiding lodgment in the mind only of an American idealist who understands little of the world and of history, and one which, we are certain, could ever command a following of much importance elsewhere

This 1941 Roman Peace—for that is what it really is—could if given effect in practice scarcely expect a fate other than that of its prototype. It may be "noble in conception," but that is about all that can be said for it. It simply does not fit the world in which it would be obliged to operate. Every school boy knows and well remembers that on more than one occasion the United States and Great Britain have found themselves in disagreement about many things. At least twice there were very serious disagreements. At other times, they were of varying degree of importance. They have not infrequently concerned precisely those questions of world affairs which the Secretary seems to suppose could be so wisely and effectively managed by these two nations that war on a large scale would be forever banished from the earth. We may or may not entertain territorial or trade ambitions which would make it impossible for us to conduct the affairs of the world in a wholly detached manner. We doubt whether we are in so fortunate a position, or, at least, that we always shall be. It is quite certain that the British Empire is not, and never has been.

The underlying world currents which produce war on a major scale are not likely to be stilled or even stemmed by any such application of force even if it were—as it could never hope to be—administered with the utmost "justice" and foresight. They stem from conditions far too profound to be amenable to such treatment. Birth rates, the existing distribution of the earth's resources, and a dozen other factors of similar stubbornness are in the final analysis the cause of such conflagrations of war as we are now experiencing. They are utterly beyond the control of either the British Empire or of the United States or of both of them combined. All the rules of law which we might formulate with the best of intentions and enforce with the most scrupulous care would leave them largely untouched. Meanwhile we should be underwriting at enormous expense and greater risk a scheme which is foredoomed to failure. The best thing that the American people can do with such an idea is to forget it—to place it on the shelf to gather dust, place it there with a sigh if we must, but place it there at once and permanently.

agree with the Italian editor, Virginio Gayda. In order fully to engage in it Americans are being asked to impair the highest general standards of living and comfort which any nation in the world ever attained; to submit to unmeasured and cruel impositions in the exaction of taxes; to imperil, beyond restoration within many decades, the integrity and strength of the Federal financial system; to surrender, for an indefinite period not unlikely to extend even unto the second and third generations, some of their most fundamental and cherished liberties; and to deliver the strongest and ablest among their sons to the servitude of conscription and to the imminent dangers of disease, death, and mutilation in battles to be fought in foreign lands.

Entering upon this improvident adventure with a Federal debt approximating $50,000,000,000, we already have commitments for the still incomplete program of armament which run to a startling aggregate exceeding $66,000,000,000. This aggregate is actually incomprehensible but it may help to note that, if not wasted upon war materials it would have sufficed to provide 9,000,000 American families, if there are so many in Mr. Roosevelt's "ill-housed" one-third with a residence costing nearly $7,500. Instead, 900,000 stalwart workers, or potential workers, have been forcibly taken from their normal vocations and avocations, regimented and equipped to destroy the lives and bodies and the property of other human beings and the enormous funds wrung from the taxpaying public and raised upon pledges of their credit are being utilized to divert the maximum possible portion of the country's labor and resources from the beneficial production of commodities contributing to human comfort and subsistence, and of the capital and tools that facilitate such production, to the threatening and wasteful production of mechanisms for destruction. Instead of feeding, clothing, housing, and educating men and women and their progeny, means and instrumentalities are being created by the use of all existing capacity and means, for the killing and maiming of men, sure to be employed also in killing and maiming their innocent wives and their helpless children, and for the destruction of the property that might render human lives more tolerable and even happy.

And now comes Secretary Morgenthau and demands confiscation of all profits above six per cent, evidently assuming that men will strive just as effectively after being deprived of nearly everything for which they labor.

Evil as all this is, inconceivably foolish as it seems when baldly stated, it is being made unnecessarily more evil by weak and incompetent mismanagement. "Our great need," declares Mr. Knudsen, "is for management that can plan . . . management brains, and planning are what we need to do this job." That, however, is precisely what "the job" is not allowed to receive, unless it is conceivable that the best brains for such planning and management are to be found beneath the hats of the small group of politicians that cluster around the titular head of the New Deal, himself a speculative experimenter, even long after he entered politics, in many lines of business, in none of which did he shine as an executive or achieve any genuine measure of success. All the decisive authority has been kept in the President's own hands, or perhaps of late meagerly delegated to favorites mostly without training in any large way as executives, and the White House has most of the time been the bottle-neck of the entire effort, causing intolerable and irretrievable delays.

Beyond this, in such vital matters as price-control to guard against dangerous inflation, priorities or rationing of raw materials, and dealings with covetous and contending labor organizations, there has been the weakness and vacillation of timidity strangely alternating with blind and extreme assertions of an arbitrary authority not having the sanction of any law. Attempts to influence prices have become reluctant and irresolute before agricultural producers and have wholly ceased when confronted by the problems of the wages of unionized employees, however selfish and grasping. Interruptions of defense production brought about by the indefensible rivalries of competing unions and their leaders have been allowed seriously to impede progress and have been settled, if settled at all, in ways invariably tending to increase the high costs already falling upon the taxpayers; priorities applicable to supplies of materials have been accorded so as fruitlessly to cripple and destroy non-defense production and to throw out of work, and threaten with dependence upon public relief and charity, thousands of capable and willing workers for whom the war-industries have found no place.

All this derangement of the normal economy and progress of American life is based upon delusions of the strength of Germany under the leadership of an ignorant and emotional Austrian, whose industrial training is that of a house-painter who lacked ability to become either an artist or an architect, and whose actual military experience was consummated when he attained the rank of corporal. Germany is a remote European country without great natural resources, and after the incorporation of Austria and the Sudetenland it had an area of 224,950 square miles, that is to say, not very much more than four-fifths of the area of the State of Texas. At the same time, the population of the whole of this so-called Greater Germany was less than 80,000,000 and in the whole of Europe there are not today more than that number of Germans. The number who do not despise and hate the rule to which most of them are now subjected is much less than 80,000,000 but, if the Reichsfuehrer could rely upon every one of them, all his followers would number no more than two-thirds the population of the United States. The national income of this Germany, at its highest point, cannot be more than half that of the United States and at present fully one-half of it goes out for war purposes. So, in order to induce them to take part in the "drunken party," the people of the United States are asked to fear and to believe that after subduing and enslaving all Europe, after reducing its present disorder to order and to conformity with a new and intensely arbitrary order of Germanic origin and for the especial benefit of the rulers of Germany, the armed forces of these 80,000,000 Germans will not only consolidate their rule over the whole of Europe, but will incontinently adventure across the three thousand miles of the Atlantic Ocean, destroying or capturing our Navy, which has more than seven times the strength of theirs; debarking upon our shores, conquering our 135,000,000 of people, destroying our American way of life, and making of all Americans the abject slaves and submissive creatures of a Germanic tyranny covering the entire habitable globe.

Madness and the hysteria of baseless terror could conceive nothing more preposterous. Can it be that the President of the United States accepts and believes this almost unbelievable folly? If he does, the alteration in his outlook and faith has become inconceivably alarming. It was only shortly before the war in Europe began, in 1939, a war which he anticipated and envisioned, that he pronounced the following and declared it to be the sole and sound policy in the face of such a war as we now see in progress. His words then were:

"Peace is threatened by those who seek selfish power. The world has witnessed similar eras, as when . . . great emperors and great kings were engaged in a mad scramble for colonial empire. We hope we are not again at the threshold of such an era. But if face it we must, then the United States and the rest of the Americas can play but one role: Through a well ordered neutrality to do naught to encourage the contest, through adequate defense to save ourselves from embroilment and attack, and through example and all legitimate encouragement to persuade other nations to return to the ways of peace and good will."

The "appeal from Philip drunk to Philip sober" is always expedient and orderly. Congress has power to withdraw America from the "drunken party" and to compel executive retreat to the safe ground and the sanity of vision embodied in the quoted declaration that was so bravely uttered before emotions were aroused by events and propaganda. There ought to be enough common-sense and statesmanship in that body to enforce that course before accumulating waste, debt, and disaster destroy what is left of American liberty and security.

From Washington

(Continued from Page 402)

Now, however, in repealing the Neutrality Act it is confronted with the responsibility of approving what has been done, but the matter is not being put up to it in that light. Congress is simply being confronted with the incongruousness of the situation.

And in the effort to repeal the Act, Washington is experiencing one of its most tremendous barrages of propaganda in a long time. First, there is the propaganda that the main thing is to arm our merchant ships. Mr. Roosevelt has repeatedly said at press conferences that arming merchant ships against submarines was ineffective. He has cited the experiences of the First World War. A merchant ship manifestly can't get its guns down to a submarine firing torpedoes underwater. Arming merchant ships, in fact, compels the submarines to fire torpedoes rather than come to the surface and make a merchant ship captive.

But now, that congressmen are posed with the question of whether we should defend our merchant vessels, they can have only one answer.

Secondly, there has been a wave of propaganda that the country's attitude has changed; that the old American spirit of fight has been revived. This writer has no way of knowing whether this is true or not, except if it is true, the change must have come overnight, and a lot of the "change" manifestly has been engineered such as Willkie's "victory" in the last two weeks of the 1940 campaign.

Third, the agitation around Washington, which was mentioned last week, but which has grown, about not building up the army any more, is believed to be part of this propaganda. The suggestion is heard in this propaganda, that the fact the Administration is thinking this way shows that Mr. Roosevelt hasn't the slightest intention of sending an AEF to Europe. So, why not let him have repeal of the Neutrality Act?

Incidentally, in connection with the sweep of unity which the propaganda says is suddenly engulfing the country, is the fact that responsible Congressmen and Senators look upon Morgenthau's proposal for a six percent limitation of profits on invested income as nothing more than a New Deal attack upon business. What better should encourage organized labor and the people to whom the New Deal has appealed, than to put out the suggestion that Business is profiteering?

Investment Companies Forming Permanent National Association Broadening Activities

Plans for the formation of a permanent organization of investment companies to continue and broaden the activities which have been carried on during the last year by the National Committee of Investment Companies, were announced on Sept. 18 in a special memorandum sent to the committee members. The new organization is to be known as the National Association of Investment Companies and is to be under the executive dictatorship of Paul Bartholet, who will resign as Vice-President and Treasurer of the five investment companies in the Tri-Continental group to devote his full time to the work.

The plan is sponsored by the executive committee of the National Committee of Investment Companies who declare that the success of the one year "experiment," making the first cooperative venture of the business, has been such as to warrant the continuation of the joint effort. The National Committee was established a year ago on an informal basis and will expire at the end of this month.

The executive committee of the new Association is to be composed of the eight members of the National Committee's executive committee and four additional investment company directors with Mr. Bartholet serving in ex officio capacity. The new members who have been designated and who have agreed to serve are Frank Altschul, President, General American Investors Co., Inc.; F. Wilder Bellamy, President, National Bond and Share Corp.; Charles F. Eaton, Jr., Trustee, Eaton & Howard Balanced Fund and David M. Milton, President, The Equity Corp. The members of the present executive committee who have formulated the plan and all of whom have agreed to serve on the new board are Hugh Bullock, Vice President, Dividend Shares, Inc.; Arthur H. Bunker, Executive Vice President, The Lehman Corp.; Paul C. Cabot, Vice President, State Street Investment Corp.; William Tudor Gardiner, Chairman, Incorporated Investors; Merrill Griswold, Chairman, Massachusetts Investment Trust; James H. Orr, President, Railway & Light Securities Co.; Cyril J. C. Quinn, Vice President, Tri-Continental Corp. and Richard Wagner, President, The Chicago Corp.

"Substantially all active management investment companies have lent the support of their membership to the Commitee," the special memorandum states. "The primary task has been to present and make effective the industry viewpoint as affecting the administrative rules, regulations, and interpretations issued under the Act. We believe, and we think the membership in general shares our belief, that this task has been well done, and done more effectively and much more economically than would have been possible through efforts on the part of individual companies."

Membership of the existing National Committee comprises at the present 111 organizations with assets estimated at well over $1,000,000,000.

Sees Bankers Faced By Real Challenge

(*Continued from Page 401*)

Congress always has supported our stand. That body has indicated strongly on every occasion when the issue was raised that it intended supervision for the protection of bank depositors and that it would not countenance any strained application of supervisory powers to extraneous functions or to the fulfillment of tasks delegated elsewhere.

It is essential by the very size of our nation, by the complexity of our economy, and by the nature of our democratic form of government that there be many governmental bodies, each charged with a specific set of responsibilities. This form of administration can be made to work with a high degree of efficiency through cooperation and coordination among the various agencies with related functions. It cannot function effectively and perhaps cannot even survive if administrators try constantly to broaden their fields and to strengthen their powers at the expenses of other agencies.

Mr. Crowley pointed out that "of primary concern in our plans for the future is the growing number of banks with small capital cushions." He noted that "the capital ratios of banks average lower now than at any time in our history," and said:

> Examinations made during 1940 showed that more than one-fifth of the banks had a net sound capital of less than 10% of the appraised value of their assets. These banks held almost two-thirds of the deposits of all insured banks.
>
> It is true that a considerable part of the increase in bank assets has been in the form of cash and balances due from banks, the so-called "riskless" assets. Any subsequent increase in business loans and securities, however, will leave many of the banks in a vulnerable position. As business demands increase, supervisory authorities cannot take action against a large proportion of the banks to enforce capital standards without appearing to retard business activity. Steps should be taken to improve the capital position of these marginal banks before increased business requirements further narrow their capital cushions.

Stressing the need of now of an anti-inflation program, Mr. Crowley said:

> It is earnestly to be hoped that the Treasury, the Federal Reserve, and other responsible agencies can forestall this time the ruinous inflation that characterized previous periods of war. The first to suffer and those hit hardest by inflation are the savers of the country, the millions of our citizens whose thrift has accumulated nest eggs upon which they rely, and who suffer severely when the purchasing power of those nest eggs is reduced through the processes of inflation and through runaway prices. The depression and deflation which follow every such period likewise are ruinous, as all of us have seen. We already are experiencing a very rapid increase of prices, and many of us look with concern upon the continued rapid growth of bank deposits and bank assets. A continuation of these increases could have many evil effects.
>
> I already have cited the degree to which bank capital ratios have been reduced through growth in the volume of bank assets. This trend cannot, with safety, be permitted to go much further. Note, too, that continued deposit growth reduces the ratio of funds available in Federal Deposit Insurance Corporation to the deposits the Corporation must protect. It would not do at all to permit depositors to lose confidence in the banks and in deposit insurance. The strength and reliability of the Corporation must never be subject to doubt.
>
> Growing evidences that inflation already is underway in this country are receiving the urgent attention of our fiscal and monetary authorities. In outline, the anti-inflationary steps under consideration fall into this pattern: First, increasing taxation to approach a "pay-as-you-go" financing of the defense program; second, financing that portion of the cost of the defense program not covered by tax revenue through private investors rather than through the commercial banks; and third, increasing reserve requirements, tightening credit restrictions and otherwise deterring the growth of private debt.
>
> For the sake of salaried workers, for the sake of the millions of savers, and for the sake of our banking system, I hope that a comprehensive and workable plan of combatting inflation will promptly be developed and will be forcefully put into effect. We pledge our full support to such

Daily Average Crude Oil Production for Week Ended Sept. 27, 1941, Off 14,200 Barrels

The American Petroleum Institute estimates that the daily average crude oil production for week ended Sept. 27, 1941 was 4,060,000 barrels. This was a decline of 14,200 barrels from the output of the preceding week and the current week's figures were above the 3,960,000 barrels calculated by the U. S. Department of the Interior to be the total of restrictions imposed by the various oil-producing States during September. Daily average production for the four weeks ended Sept. 27, 1941 is estimated at 3,995,700 barrels. The daily average output for the week ended Sept. 28, 1940, totaled 3,799,950 barrels. Further details as reported by the Institute follow:

Reports received from refining companies owning 86.4% of the 4,538,000 barrel estimated daily potential refining capacity of the United States, indicate that the industry as a whole ran to stills, on a Bureau of Mines' basis, 3,980,000 barrels of crude oil daily during the week, and that all companies had in storage at refineries, bulk terminals, in transit and in pipe lines as of the end of the week, 81,003,000 barrels of finished and unfinished gasoline. The total amount of gasoline produced by all companies is estimated to have been 13,213,000 barrels during the week.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	a B. of M. Calculated Requirements (September)	State Allowables	Actual Production			
			Week Ended Sept. 27 1941	Change from Previous Week	4 Weeks Ended Sept. 27 1941	Week Ended Sept. 28 1940
Oklahoma	489,800	428,000	b 424,750	— 3,900	427,250	405,000
Kansas	239,800	248,800	b 258,650	— 150	247,700	193,550
Nebraska	5,000	------	b 6,650	— 100	7,000	400
Panhandle Texas			80,250	— 5,950	84,250	79,300
North Texas			103,850	+ 1,850	102,050	134,400
West Central Texas			30,850	— 50	30,800	32,750
West Texas			278,900	— 150	266,200	254,100
East Central Texas			85,000	+ 250	83,900	78,100
East Texas			369,700	+ 100	351,900	448,050
Southwest Texas			218,000	+ 750	209,350	243,750
Coastal Texas			292,300	— 200	281,700	246,850
Total Texas	1,378,600	c1,406,362	1,458,850	— 3,400	1,410,150	1,517,300
North Louisiana			80,200	— 1,000	80,050	64,400
Coastal Louisiana			255,100	+ 1,350	254,900	219,050
Total Louisiana	324,000	328,646	335,300	+ 350	334,950	283,450
Arkansas	79,000	76,013	75,600	— 200	75,500	74,450
Mississippi	33,000		b 54,700	— 500	54,250	22,450
Illinois	392,500		415,750	+ 3,100	407,100	361,350
Indiana	21,400		b 18,800	— 1,600	20,000	17,900
Eastern (not incl. Ill. & Ind.)	99,800		93,700	+ 150	92,500	89,900
Michigan	39,500		53,000	+ 1,000	51,700	50,300
Wyoming	85,000		88,500	+ 100	84,350	76,900
Montana	20,200		20,600	----	20,550	17,250
Colorado	4,500		4,850	— 100	4,950	3,550
New Mexico	113,200	113,200	114,500	+ 350	114,050	97,600
Total East of Calif.	3,325,300		3,424,200	— 4,900	3,352,000	3,211,350
California	634,700	d610,000	635,800	— 9,300	643,700	588,600
Total United States	3,960,000		4,060,000	— 14,200	3,995,700	3,799,950

a These are Bureau of Mines' calculations of the requirements of domestic crude oil based upon certain premises outlined in its detailed forecast for the month of September. As requirements may be supplied either from stocks, or from new production, contemplated withdrawals from crude oil inventories must be deducted from the Bureau's estimated requirements to determine the amount of new crude to be produced.

b Okla. Kans. Neb. Miss. Ind. figures are for week ended 7 a.m. Sept. 24th.

c This is the net basic 30-day allowable as of Sept. 1st but experience indicates that it will increase as new wells are completed, and if any upward revisions are made. Panhandle shutdown days are September 7, 14, 21 and 28th; with a few exceptions the rest of the state was ordered shut down on September 1, 6, 7, 13, 14, 20, 21, 27, 28 and 30th.

d Recommendation of Conservation Committee of California Oil Producers.

NOTE:—The figures indicated above do not include any estimate of any oil which might have been surreptitiously produced.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE AND GAS AND FUEL OIL, WEEK ENDED SEPT. 27, 1941

(Figures in Thousands of Barrels of 42 Gallons Each)

District	*Daily Refining Capacity*		*Crude Runs to Stills*		*Gasoline Produc'n at Refineries Incl. Natural Blended*	*Stocks Finished & Unfinished Gasoline*	*b Stocks of Gas Oil and Distillates*	*b Stocks of Residual Fuel Oil*	*c Stocks Aviation Gasoline*
	Potential Rate	*P. C. Reporting*	*Daily Aver.*	*P. C. Operated*					
East Coast	673	100.0	616	91.5	1,616	18,872	g 18,364	10,155	E. Coast
Appalachian	166	83.8	135	97.1	466	3,261	637	523	599
Ind. Ill. Ky.	752	84.4	654	103.0	2,473	14,452	5,736	4,504	Interior
Okla. Kans. Mo.	413	80.7	315	94.6	1,224	6,847	2,187	2,015	1,272
Inland Texas	263	63.2	147	88.6	665	2,200	504	1,339	G. C'st
Texas Gulf	1,097	91.0	922	92.3	2,913	12,080	6,327	8,376	3,091
Louisiana Gulf	156	94.2	174	117.6	421	2,804	1,611	2,125	
No. La. & Arkan.	95	49.9	58	123.4	160	417	388	417	Calif.
Rocky Mountain	136	50.1	65	95.6	237	1,005	131	397	2,049
California	787	90.9	541	75.7	1,718	13,665	12,935	63,975	
Reported	---	86.4	3,627	92.5	11,893	75,603	48,820	93,826	7,011
Estimated Unreported	---	---	353	---	1,320	5,400	1,130	1,425	385
a Est. tot. U. S. Sept. 27, 1941	4,538	---	3,980	---	13,213	f81,003	49,950	95.251	7,396
a Est. tot. U. S. Sept. 20, 1941	4,538	---	3,995	---	14,031	80,199	48,907	95,005	7,539
U. S. B. of M. a Sept. 27, 1940	---	---	d3,592	---	e11,921	82,146	48,323	107,470	5,986

a Estimated Bureau of Mines' basis. b At refineries, bulk terminals, in transit and in pipe lines. c Included in finished and unfinished gasoline total. d Sept., 1940, daily average. e This is a week's production based on U. S. Bureau of Mines Sept., 1940, daily average. f Finished, 73,394,000 bbl.; unfinished, 7,609,000 bbl. g Revised for week ended Sept. 20th to 17,960,000 bbl. because of transfer of material previously classified as unreported. Total estimated unreported revised accordingly.

The State Of Trade

Business activity continued to more than hold its own the past week despite numerous handicaps, especially in the way of labor troubles. Steel ingot production in the United States is scheduled this week at 96.9 per cent of rated capacity, up 1/10th of 1 point from the previous week, according to American Iron & Steel Institute. Production of electricity in the week ended September 27th, advanced less than seasonally to total 3,233,278,000 kilowatt hours, an increase of three-tenths of 1 per cent over the preceding week and a gain of 14.8 per cent over the comparable week in 1940, according to the Edison Electric Institute.

Retail trade received a tremendous impetus the past few days, due to a great wave of buying that was nationwide. This of course, was largely the result of the new tax that goes into effect today. Liquor sales rose as much as 100 per cent above normal yesterday and other luxury items mounted sharply as buyers the nation over crowded stores to stock up on cosmetics, furs and similar goods before today's defense tax deadline. It was estimated that purchases made in the metropolitan New York area Monday and yesterday to beat the deadline totaled between $10,000,000 and $15,000,000.

A last minute buying spurt by consumers of wines and spirits caused sales in this area to reach levels which some dealers described as exceeding anything of the kind witnessed since the repeal of the Eighteenth Amendment on Dec. 5, 1933.

A rather glowing report came from the railroads. A tenfold increase in the net income of Class I railroads for the first eight months of this year over the same period in 1940 was indicated today in an estimate by the Association of American Railroads. It was stated that the net income of Class I railroads, after interest and rentals, up to Aug. 31st, was $298,524,000 against $29,350,000 in the corresponding period last year.

The Association placed the net operating income of the Class I carriers, before interest and rentals, at $651,089,274 through Aug. 31st, or a rate of return of 4.12 per cent on property investment, compared with $369,778,456, or 2.36 in 1940 and $545,262,898 or 3.4 per cent in 1930.

Considerable difference of opinion now exists within the Government and private industry concerning the extent of the forthcoming dislocations in civilian industries.

Government officials have warned of extensive unemployment, and the National Association of Manufacturers recently estimated that some 3,000,000 wage earners would lose their jobs unless corrective measures were hastened. Now, however, responsible Federal officials and observers in indusry believe that the dislocations may not be severed after all.

These observers are impressed by the gathering momentum of defense production and the increasing pressure on industry to put idle capacity to work. As a result, it is now estimated that the next twelve months should witness a net addition of some 1,000,000 wage earners in manufacturing industry employment. However, all this could be changed by increasing labor trouble.

Labor disturbance is again looming large as a depressing factor. Several automobile and parts manufacturing plants face intolerable labor conditions because of the lack of discipline in United Automobile Workers-CIO locals. The Briggs Manufacturing Co. of Detroit reports fully fourteen "wildcat" strikes have occurred within the past sixty days that have deprived other employees of more than 170,000 man-hours of work, and have slowed down work in other plants which use parts made by Briggs. These strikes have occurred despite the fact that the company has a contract under which the union has obtained its demands. In fact, certain of these outlaw strikes occurred just because the management was following the letter of the contract in shifting men from department to department as new conditions have made revision of production schedules necessary.

Present labor conditions are making a growing number of executives in industry wonder whether they will be able to continue to operate profitably unless drastic measures are taken to better their industrial relations by whatever method proves feasible. Older union officials decry these outlaw strikes and slow downs, and in the Briggs case have taken steps to halt them. Their efforts have not succeeded, however.

Defense production will reach its peak during the third quarter of next year, competent official observers predict. By that time, the great drive to convert civilian industries to armament production will be largely accomplished, observers believe. Furthermore, it is believed fairly certain that the 2,000 - odd Government - financed plants now under construction will have been completed and equipped.

It is generally estimated that the Federal Reserve Board index of industrial production which has now passed the 160 mark, will rise another 10 per cent or so within the next twelve months.

Real Estate Men To Meet in Detroit

The National Association of Real Estate Boards will hold its annual convention in Detroit, Nov. 4-7 inclusive. A record-breaking attendance at the meeting is expected and because of this two hotels have been designated as headquarters, the Book-Cadillac and the Statler. The Association will have on its agenda, both in discussion of business methods and in recommendation for action, these among other matters of public importance:

The keeping of a balanced rent situation; the maintenance of needed home building under coming priorities; the search for substitute materials for home building to replace those going onto the critical list; remodeling of existing residential as well as existing industrial structures to utilize them for defense needs, so avoiding ghost towns to come; maintenance of sound appraisal of real estate values in a changing world; the repercussions of war preparedness and its aftermath on incomes, on ownership, on the tax structure, on national industrial distribution, on the growth of cities; accelerated need for city replanning and rebuilding.

Revenue Freight Car Loadings During Week Ended Sept. 20 Totaled 907,969 Cars

Loading of revenue freight for the week ended Sept. 20, totaled totaled 907,969 cars, the Association of American Railroads announced on Sept. 25. The increase above the corresponding week in 1940 was 94,640 cars of 11.6%, and above the same week in 1939 was 98,217 cars or 12.1%.

Loading of revenue freight for the week of Sept. 20 decreased 5,983 cars or seven-tenths of one per cent below the preceding week.

Miscellaneous freight loading totaled 400,474 cars, an increase of 9,608 cars above the preceding week, and an increase of 68,885 above the corresponding week in 1940.

Loading of merchandise less than carload lot freight totaled 160,224 cars an increase of 1,437 cars above the preceding week, and an increase of 3,023 cars above the corresponding week in 1940.

Coal loading amounted to 158,989 cars, a decrease of 12,741 cars below the preceding week, but an increase of 14,506 cars above the corresponding week in 1940.

Grain and grain products loading totaled 44,839 cars, a decrease of 206 cars below the preceding week, but an increase of 3,896 cars above the corresponding week in 1940. In the Western Districts alone, grain and grain products loading for the week of Sept. 20, totaled 31,170 cars, an increase of 903 cars above the preceding week, and an increase of 3,734 cars above the corresponding week in 1940.

Live stock loading amounted to 15,482 cars, an increase of 1,029 cars above the preceding week, but a decrease of 3,110 cars below the corresponding week in 1940. In the Western Districts alone, loading of live stock for the week of Sept. 20 totaled 12,305 cars, an increase of 1,138 cars above the preceding week, but a decrease of 2,507 cars below the corresponding week in 1940.

Forest products loading totaled 45,364 cars, a decrease of 291 cars below the preceding week, but an increase of 4,342 cars above the corresponding week in 1940.

Ore loading amounted to 69,721 cars, a decrease of 4,727 cars below the preceding week but an increase of 1,324 cars above the corresponding week in 1940.

Coke loading amounted to 12,876 cars, a decrease of 92 cars below the preceding week, but an increase of 1,774 cars above the corresponding week in 1940.

All districts reported increases compared with the corresponding week in 1940 and all except the Pocahontas for 1939.

	1941	1940	1939
4 weeks of January	2,740,095	2,557,735	2,288,730
4 weeks of February	2,824,188	2,488,879	2,282,866
5 weeks of March	3,817,918	3,123,916	2,976,655
4 weeks of April	2,793,563	2,495,212	2,225,188
5 weeks of May	4,160,527	3,351,840	2,926,408
4 weeks of June	3,510,137	2,896,953	2,563,953
4 weeks of July	3,413,427	2,822,450	2,532,236
5 weeks of August	4,464,458	3,717,933	3,387,672
Week of September 6	797,740	695,094	662,357
Week of September 13	913,952	804,265	800,431
Week of September 20	907,969	813,329	809,752
Total	30,343,974	25,767,606	23,456,248

The following table is a summary of the freight carloadings for the **separate railroads and systems** for the week ended Sept. 20, 1941. During this period 104 roads showed increases when compared with the same week last year.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS)—WEEK ENDED SEPT. 20

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
Eastern District—	1941	1940	1939	1941	1940
Ann Arbor	632	542	623	1,564	1,371
Bangor & Aroostook	892	718	1,033	307	215
Boston & Maine	9,119	7,714	8 328	13,356	10,635
Chicago, Indianapolis & Louisville	1,754	1,531	1,842	2,600	2,481
Central Indiana	26	12	18	71	52
Central Vermont	1,491	1,345	1,332	2,920	2,219
Delaware & Hudson	7,386	5,812	6,255	11,284	8,062
Delaware, Lackawanna & Western	10,330	9,478	11,588	9,637	7,734
Detroit & Mackinac	295	387	456	144	147
Detroit, Toledo & Ironton	2,453	2,066	2,202	1,284	1,238
Detroit & Toledo Shore Line	365	304	263	4,005	3,307
Erie	16,128	14,256	14,449	16,007	14,415
Grand Trunk Western	5,896	5,102	4,774	9,078	7,946
Lehigh & Hudson River	165	234	161	2,712	2,159
Lehigh & New England	1,465	2,210	2,330	2,005	1,631
Lehigh Valley	9,019	9,543	10,487	10,257	7,118
Maine Central	3,267	2,627	2,929	2,667	1,917
Monongahela	6,374	5,292	5,105	346	234
Montour	2,209	2,304	2,219	47	62
New York Central Lines	52,672	47,475	46,579	51,909	45,003
N. Y., N. H. & Hartford	13,117	10,636	10,984	16,312	13,438
New York, Ontario & Western	1,259	1,365	1,1[illegible]9	2,274	1,908
N. Y., Chicago & St. Louis	7,274	6,194	6,940	14,345	11,100
N. Y., Susquehanna & Western	537	391	495	1,609	1,425
Pittsburgh & Lake Erie	8,614	8,084	6,811	8,950	8,071
Pere Marquette	6,529	6,431	6,197	6,771	5,527
Pittsburgh & Shawmut	676	946	600	28	65
Pittsburgh, Shawmut & North	391	420	463	483	237
Pittsburgh & West Virginia	1,166	951	1,179	3,350	1,870
Rutland	579	624	749	1,261	943
Wabash	6,265	5,946	6,132	10,800	9,839
Wheeling & Lake Erie	5,765	4,895	5,480	4,940	3,723
Total	184,110	165,837	170,172	213,323	176,092
Allegheny District—					
Akron, Canton & Youngstown	728	550	476	1,130	1,013
Baltimore & Ohio	43,141	36,565	35,397	24,060	19,697
Bessemer & Lake Erie	6,348	6,519	5,025	1,823	2,545
Buffalo Creek & Gauley	306	282	301	5	5
Cambria & Indiana	1,966	1,558	1,613	18	10
Central R.R. of New Jersey	8,020	7,276	7,617	16,905	12,700
Cornwall	642	703	596	55	53
Cumberland & Pennsylvania	304	249	2[illegible]4	40	32
Ligonier Valley	118	109	133	31	40
Long Island	965	883	650	2,883	2,787
Penn-Reading Seashore Lines	2,223	1,675	1,510	2,257	1,766
Pennsylvania System	89,098	75,274	74,404	58,275	48,315
Reading Co.	17,776	15,900	15,546	23,874	18,825
Union (Pittsburgh)	20,494	19,228	14,852	6,356	6,009
Western Maryland	4,442	3,612	4,339	9,518	7,489
Total	196,571	170,383	162,723	147,230	121,286
Pocahontas District—					
Chesapeake & Ohio	29,127	26 428	28,414	13,571	12,368
Norfolk & Western	21,456	23,382	22,840	6,328	5,617
Virginian	4,690	4,728	4,303	1,906	1,783
Total	55,273	54,538	55,557	21,805	19,768
Southern District—	1941	1940	1939	1941	1940
Alabama, Tennessee & Northern	412	264	293	234	185
Atl. & W. P.—W. R.R. of Ala.	1,001	891	905	2,110	1,616
Atlanta, Birmingham & Coast	813	767	646	1,110	772
Atlantic Coast Line	10,797	10,102	8,756	7,010	5,577
Central of Georgia	4,586	4,348	4,283	3,987	3,220
Charleston & Western Carolina	444	472	434	1,604	1,235
Clinchfield	1,807	1,359	1,471	2,895	2,027
Columbus & Greenville	412	279	526	424	339
Durham & Southern	201	178	193	469	367
Florida East Coast	450	459	516	864	836
Gainsville Midland	41	29	36	95	175
Georgia	1,366	1,437	1,027	2,168	1,728
Georgia & Florida	427	315	444	657	470
Gulf, Mobile & Ohio	4,561	3,255	*1,945	3,388	3 557
Illinois Central System	29.675	24,607	26,922	15,870	12,834
Louisville & Nashville	26,317	23,693	25,023	8,756	6,041
Macon, Dublin & Savannah	211	133	155	686	510
Mississippi Central	244	163	263	388	271
Nashville, Chattanooga & St. L.	3,852	3,190	3,244	3,213	2,719
Norfolk Southern	1,580	1,304	1,155	1,560	1,318
Piedmont Northern	539	401	452	1,693	1,080
Richmond Fred. & Potomac	485	415	398	5,655	3,650
Seaboard Air Line	10,255	9,223	9,037	6,578	4,589
Southern System	26,355	23,458	22,984	19,753	15,866
Tennessee Central	571	451	470	736	683
Winston-Salem Southbound	175	166	190	1,021	989
Total	127,577	111,359	113,564	92,924	72,654
Northwestern District—					
Chicago & North Western	23,274	22.399	21,141	14,967	12,339
Chicago Great Western	3,061	2,787	2,881	3,753	3,514
Chicago, Milw., St. P. & Pac.	24,178	22,144	22,231	9,560	9,257
Chicago, St. P., Minn. & Omaha	4.333	4,450	4,722	4,583	4,398
Duluth, Missabe & Iron Range	22,701	22,015	14,136	270	298
Duluth, South Shore & Atlantic	1,128	1,211	1,474	604	530
Elgin, Joliet & Eastern	10,864	8,432	7,735	9,633	7,131
Ft. Dodge, Des Moines & South	716	689	597	147	181
Great Northern	26,911	24,621	22,778	4,175	3,684
Green Bay & Western	620	599	715	784	679
Lake Superior & Ishpeming	3,348	2,302	3,242	100	72
Minneapolis & St. Louis	2,149	2,478	2,051	2,414	2,213
Minn., St. Paul & S. S. M.	7,878	8,164	8,236	3,270	2,839
Northern Pacific	12,630	12,299	11,318	5,049	4,071
Spokane International	208	306	284	350	296
Spokane, Portland & Seattle	2,722	2,127	1,726	1,438	2,042
Total	146,721	137,023	125,267	60,197	53,544
Central Western District—					
Atch. Top. & Santa Fe System	22,669	21,506	23,157	9,208	6,592
Alton	3,567	3,109	3,461	3,160	2,380
Bingham & Garfield	656	463	474	85	87
Chicago, Burlington & Quincy	18,431	17,690	17,811	11,403	10,242
Chicago & Illinois Midland	2,925	2,233	1,677	1.003	828
Chicago, Rock Island & Pacific	14,060	13,693	13,643	11,233	9,994
Chicago & Eastern Illinois	2,934	3,010	2,934	3,369	2,916
Colorado & Southern	997	757	863	1,691	1,455
Denver & Rio Grande Western	4,525	3.690	3,988	4,698	3,905
Denver & Salt Lake	1,053	1,049	944	25	14
Fort Worth & Denver City	1,049	1,124	1,228	1,196	1,010
Illinois Terminal	1,961	1,937	2,037	1,923	1,648
Missouri-Illinois	1,175	913	1,391	534	573
Nevada Northern	1,972	1.524	1,063	134	136
North Western Pacific	1,288	777	839	670	443
Peoria & Pekin Union	9	7	15	0	0
Southern Pacific (Pacific)	32,130	27,058	27,340	7,403	5,431
Toledo, Peoria & Western	421	408	460	1,654	1,375
Union Pacific System	18,162	15,260	16,760	13,265	10,659
Utah	536	497	598	6	7
Western Pacific	3,119	1,801	1,915	3,596	2,501
Total	133,639	118,506	122,598	76,256	62,196
Southwestern District—					
Burlington-Rock Island	179	180	212	186	246
Gulf Coast Lines	3,412	2,764	2,274	1,783	1,533
International-Great Northern	2,336	2,179	2,091	1,988	2,156
Kansas, Oklahoma & Gulf	238	210	333	1,180	1,052
Kansas City Southern	2,777	2,326	1,908	2,931	2,129
Louisiana & Arkansas	2,727	1,929	2,349	2,553	1,631
Litchfield & Madison	365	348	392	1,253	1,081
Midland Valley	890	618	757	256	222
Missouri & Arkansas	199	239	214	392	325
Missouri-Kansas-Texas Lines	4,972	4,993	5,419	3,942	3,017
Missouri Pacific	18,929	16,217	18,033	13,017	10,070
Quanah Acme & Pacific	119	103	105	157	120
St. Louis-San Francisco	10,663	8,536	9,532	6,141	5,155
St. Louis Southwestern	3,521	2,757	3,392	3,412	2,205
Texas & New Orleans	8,407	7,897	7,864	4,206	3,224
Texas & Pacific	4,173	4,219	4,769	5,218	3,960
Wichita Falls & Southern	154	153	214	45	45
Weatherford M. W. & N. W.	17	15	13	57	23
Total	64,078	55,683	59,871	48,717	38,194

Note—Previous year's figures revised. * Previous figures. x Gulf Mobile & Northern only.

Petroleum And Its Products

Petroleum Coordinator Harold L. Ickes blasted the testimony of John J. Pelley, president of the Association of American Railroads, on the number of tank cars available for movement of petroleum into the Eastern refinery areas when he appeared before the Maloney Senate Committee Wednesday (October 1) to testify on his statement of a few days previous that there were only 5,192 tank cars available for such movement in contrast to the 20,000 figure given by Mr. Pelley at earlier hearings. He sharply criticized the findings of the Committee that there was no actual shortage of gasoline or refined products on the East Coast, which he said were based upon the inaccurate testimony of Mr. Pelley, and which handicapped the work of the Petroleum Coordinator's Office "severely" following their publication. In support of his argument, Mr. Ickes submitted a letter from a major oil company reporting that it was able to obtain only 160 tank cars of a requested 1,000-total.

Revision of the method of gasoline rationing on the East Coast and turning over of control to the Division of Priorities of the Office of Production Management was disclosed this Tuesday in Washington when it was announced that a new plan had been developed to curtail motor fuel consumption in the 17 East Coast states and the District of Columbia by 10 per cent. The new plan, which had been recommended by Oil Coordinator Ickes, is radically different from the first ruling and eliminates most of the causes of the complaint.

Under the new plan, which became effective immediately, deliveries by the oil companies will be held down to a percentage of their average deliveries from May thru July 1, last instead of a percentage of July deliveries alone. It also provides for allowances from month to month for seasonal trends in the various states. For example, oil companies will deliver to New Jersey during October, less gasoline than the May-July average. Deliveries to individual distributors will be based upon a percentage of the amount received in the same month during the previous year. This means that the net result will be that each state and distributor will receive the same percentage of the available supplies as he did in previous years.

Only transportation exempt from the restrictions on gasoline use is that which falls into the defense classification such as interstate trucks, public health vehicles and agricultural machines which will receive all the gasoline they require. Taxicabs and delivery trucks no longer are exempt and are now in the same field as passenger cars. The new program also provides that independent service stations are authorized to "demand continued delivery" of their quotas from the oil companies who regularly supply them.

An estimate that "the total amount of anticipated transportation available for the East Coast movement is still approximately 174,000 barrels less than is required to replenish and maintain inventories at safe levels" was made public by Oil Coordinator Ickes in connection with the new curtailment program. Gasoline deliveries for the month of October in the shortage-threatened area will be allocated as follows:

State:	% of May-July deliveries which the state will get from the oil companies	% of Oct., 1940, deliveries which distributors will get from oil companies
Maine	84.96	93.00
New Hampshire	88.70	93.50
Vermont	93.03	96.00
Massachusetts	90.37	95.00
Rhode Island	90.27	100.50
Connecticut	88.08	94.50
New York	91.42	95.00
New Jersey	86.37	95.50
Pennsylvania	91.19	95.00
Delaware	84.48	93.50
Maryland	85.59	95.00
Dist. of Columbia	88.64	95.00
Virginia	84.42	93.50
West Virginia	91.50	93.00
North Carolina	91.46	92.00
South Carolina	88.44	95.50
Georgia	90.60	93:50
Florida, east of the Apalachicola River	86.12	97.50

Representative of the American oil companies involved in the expropriation dispute with Mexico as a result of losing approximately $150,000,000 of oil properties to the Mexican Government in 1938 when the Cardenas Administration seized approximately $500,000,000 of British, Dutch and American oil properties under an expropriation decree were given a specific proposal for settlement of the fight by the Department of State in Washington this Monday. The agreement, it was reported, was so worded as to allow the oil companies to accept it as a working basis for a final settlement, without fully committing themselves at the present.

Since the Department of State has requested the oil companies involved not to discuss the plans, there is considerable mystery about them. Secretary of State Hull and Undersecretary of State Welles received the oil men at the Department of State Monday and are reported to have urged the oil men to report their companies' decision without delay since the oil agreement is an important factor in the general program for a complete settlement of all disputes between the United States Government, its citizens and the Mexican Government.

While no definite details of the plan were available, it was understood that the proposal contains an informal agreement whereby the Mexican Government will deposit $9,000,000 in escrow, pending final appraisal of the properties, with additional payments to be made either in dollars or in oil.

(Continued on Page 406)

Petroleum And Its Products

(Continued from Page 405)

The reference to final appraisal, in view of the fact that the Mexican courts already have set the properties' value at $11,500,000,000, indicates that reconsideration of this valuation has the approval of the Mexican Government.

Unofficial comments by oil company officials indicated that they were surprised and slightly disappointed in the terms of the agreement as submitted to them by the Department of State since they had anticipated either the complete return of their properties or "full and adequate" payment in accordance with Secretary of State Hull's message to the Mexican Government shortly after the properties had been seized. The only change in this week's offer from other proposals already refused by the oil companies, is the $9,000,000 "token" payment. Some Government officials, however, felt that the oil companies would have to accept the State Department plan since their private negotiations had, with the exception of Sinclair which settled for $8,500,000, failed. The companies, in the past, have refused to let the Mexican Government retain control of the properties in earlier proposals.

Another factor that is causing considerable uncertainty is what position will the American oil companies be in if they accept the current offer since that still leaves $350,000,000 of British and Dutch properties in the hands of the Mexican Government. If the American companies accept the current offer, and there is any change in the basic conditions later, then they have lost competitive ground to their foreign competitors in taking a price far below the $150,000,000 value of the American properties seized by the Mexican Government.

The testimony of railroad officials before the Maloney subcommittee was flatly refuted by Oil Coordinated Ickes last Friday, and repeated on October 1, when he stated in Washington that he had been authoritatively advised that there were 5,192 tank cars available for the transportation of oil to the East in contrast to the figure of "20,000 idle tank cars" given before the Senate group by J. J. Pelley, head of the Association of American Railroads, and other railroad officials. Mr. Ickes said that his statement was based upon data revealed in a report submitted to his office by W. Alton Jones, chairman of the Transportation Committee, District 1, in which it was pointed out that of 147,838 cars covered in the survey only 5,192 were idle and available for the movement of petroleum to Eastern refineries.

"Since June 25, the Office of the Petroleum Coordinator has urged the oil industry to use tank cars for the handling of petroleum to the East Coast," Mr. Ickes said. "A public claim has been made for the Association of American Railroads by John J. Pelley, that there were 20,000 idle and available tank cars which could be used for this purpose. No evidence ever was produced by Mr. Pelley or by anyone else as to where these cars, if actually in existence were located." He added that repeated requests had been made by his office for information as to where these cars were located and how quickly could they be made available but "no satisfactory information has been produced in answer to the requests."

Mr. Pelley said in a statement released following Mr. Ickes' statement that "I see no point in a controversy about just how many surplus tank cars are available. The figures I gave the Senate Committee were furnished by the people who own the tank cars." He added "we are now moving to

(Continued on Page 412)

Electric Output for Week Ended Sept. 27, 1941 Shows Gain of 14.8% Over Like Week Last Year

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Sept. 27, 1941, was 3,233,278,000 kwh. The current week's output is 14.8% above the output of the corresponding week of 1940, when production totaled 2,816,358,000 kwh. The output for the week ended Sept. 20, 1941, was estimated to be 3,232,192,000 kwh., an increase of 16.7%, over the like week a year ago.

PERCENTAGE INCREASE FROM PREVIOUS YEAR

Major Geographic Regions	*Week Ended Sept. 27, '41*	*Week Ended Sept. 20, '41*	*Week Ended Sept. 13, '41*	*Week Ended Sept. 6, '41*
New England	18.9	18.4	19.6	21.6
Middle Atlantic	10.8	14.2	16.1	16.1
Central Industrial	17.4	18.2	19.6	21.9
West Central	13.1	13.6	13.8	17.5
Southern States	16.8	22.6	27.1	27.4
Rocky Mountain	17.1	10.3	7.4	7.7
Pacific Coast	9.6	x10.7	x10.8	x10.8
Total United States	14.8	16.7	18.3	19.4

x Percentage should be higher; data under revision.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended	1941	1940	*Percent Change 1941 from 1940*	1939	1938	1937
May 3	2,914,882	2,503,899	+16.4	2,224,723	1,992,161	2,225,194
May 10	2,975,024	2,515,515	+18.3	2,238,826	2,019,065	2,242,421
May 17	2,982,715	2,550,071	+17.0	2,234,592	2,023,830	2,249,305
May 24	3,011,754	2,588,821	+16.3	2,277,749	2,030,754	2,251,995
May 31	2,924,460	2,477,689	+18.0	2,186,394	1,936,597	2,176,399
June 7	3,042,128	2,598,812	+17.1	2,328,756	2,056,509	2,266,759
June 14	3,066,047	2,664,853	+15.1	2,340,571	2,051,006	2,260,771
June 21	3,055,841	2,653,788	+15.2	2,362,436	2,082,232	2,287,420
June 28	3,120,780	2,659,825	+17.3	2,395,857	2,074,014	2,285,362
July 5	2,866,865	2,425,229	+18.2	2,145,033	1,937,486	2,139,281
July 12	3,141,158	2,651,626	+18.5	2,402,893	2,154,099	2,358,438
July 19	3,162,586	2,681,071	+18.0	2,377,902	2,152,779	2,321,531
July 26	3,183,925	2,760,935	+15.3	2,426,631	2,159,667	2,312,104
Aug. 2	3,226,141	2,762,240	+16.8	2,399,805	2,193,750	2,341,103
Aug. 9	3,196,009	2,743,284	+16.5	2,413,600	2,198,266	2,360,9[illegible]0
Aug. 16	3,200,818	2,745,697	+16.6	2,453,556	2,206,560	2,365,859
Aug. 23	3,193,404	2,714,193	+17.7	2,434,101	2,202,454	2,351,233
Aug. 30	3,223,609	2,736,224	+17.8	2,442,021	2,216,648	2,380,301
Sept 6	3,095,746	2,591,957	+19.4	2,375,852	2,109,985	2,211,398
Sept 13	3,281,290	2,773,177	+18.3	2,532,014	2,279,233	2,338,370
Sept 20	3,232,192	2,769,346	+16.7	2,538,118	2,211,059	2,231,277
Sept 27	3,233,278	2,816,358	+14.8	2,558,538	2,207,942	2,331,415

DATA FOR RECENT MONTHS (Thousands of Kilowatt-Hours)

	1941	1940	*Percent Change 1941 from 1940*	1939	1938	1937
January	13,149,116	11,683,430	+12.5	10,183,400	9,290,754	9,787,901
February	11,831,119	10,589,428	+11.7	9,256,313	8,396,231	8,911,125
March	12,882,642	10,974,335	+17.4	10,121,459	9,110,808	9,886,443
April	12,449,229	10,705,682	+16.3	9,525,317	8,607,031	9,573,698
May	13,218,633	11,118,543	+18.9	9,868,962	8,750,840	9,665,137
June	13,231,219	11,026,943	+20.0	10,068,845	8,832,736	9,773,908
July	----------	11,616,238	---	10,185,255	9,170,375	10,036,410
August	----------	11,924,381	---	10,785,902	9,801,770	10,308,884
September	----------	11,484,529	---	10,653,197	9,486,866	9,908,314
October	----------	12,474,727	---	11,289,617	9,844,519	10,065,805
November	----------	12,213,543	---	11,037,866	9,893,195	9,506,495
December	----------	12,842,218	---	11,476,294	10,372,602	9,717,471
Total for yr.		138,653,997		124,502,309	111,557,727	117,141,591

Steel Production Again Up—Orders Irregular

Some industrial observers recall that many months ago steel industry leaders were warned that the indiscriminate passing out of high priority ratings such as A-1-a and A-1-b would result in such an unbalance that eventually priorities would more or less nullify themselves, says the "Iron Age", of Oct. 2, which further continues as follows:

Last week some Ohio machine tool manufacturers met with OPM representatives to wrestle with the same problem, that is, the assignment of too many A-1-a ratings on different priority orders. At this meeting, the National Machine Tool Builders' Association answered the growing clamor for longer work weeks in defense plants by reporting that 85% of the country's machine tool plants are operating their key departments 100 to 168 hours each week to speed production of tools for national defense. The average work week in the machine tool industry, its leaders say, is 49.4 hours a week, the highest in any leading industry.

Most anxious among those watching developments in priorities are the small metal-working plants, many of whom are seeking to become defense goods subcontractors.

In a sternly-worded statement to its regional, sub-regional and local business agents, the Steel Workers' Organizing Committee has warned its members about outlaw strikes. "It has come to our attention," the SWOC said grimly, "that in a few instances individual members of our organization have taken it upon themselves to make certain demands upon management for individual wage adjustments. When management refused to grant these requests, these individuals refused to work and succeeded in establishing picket lines." Steel companies have a right to dismiss "such employees," the SWOC said. But, in the light of the bigger problem of how to avoid a major steel strike in coming months in the dispute over the closed shop, the SWOC warning against outlaw strikes had little but sentimental significance. One outlaw strike last week, that at the Tennessee Coal, Iron & Railroad Co. plants at Birmingham, Ala., resulted in the loss of 25,000 tons of steel, much of its plates for vital shipbuilding at Gulf Coast yards and plates for freight car construction. A closed TCI structural mill had been supplying structural steel for munitions plants and airplane hangars. Cause of the two-day strike was given as "an accumulation of grievances."

Meanwhile, U. S. industry is wondering how the government differentiates between loss in production due to strikes and loss in production due to other factors, such as scrap shortages, major maintenance repairs and confusion resulting from the priorities system.

Despite the growing danger from scrap shortages, steel plant operations in the U. S. this week rose to 98½%, up one and a half points from last week's revised rate of 97%. Higher schedules were reported this week at Pittsburgh; up a point, Youngstown, up three points, Cleveland, five points, and Detroit and St. Louis, one point. Slight losses in production were reported in Southern Ohio, in New England and on the West Coast. Some openhearth furnaces at Detroit were expected to be closed down for lack of scrap before this week ends. Scrap scarcity was given by Republic Steel Corp. as the company's primary reason for adopting a recently announced expansion in pig iron capacity. Some scrap dealers are finding it difficult to obtain supplies from remote areas as allowed by the latest revision in the iron and steel scrap order because some of this material was "lifted" a few months ago when ceiling prices were exceeded. It is believed that the relief given steel plants in the recent relaxation in ceiling prices will fall short of expectations.

For another seven days the flow of incoming orders to steel manufacturers has followed an irregular pattern, rising for some companies and declining for others. Although business has fallen off for some of the largest producers, backlogs, which are estimated to run for five to seven months have been little affected. Non-defense manufacturers are finding their orders placed months ago continually being pushed back because of defense requirements, hence delivery, for them, becomes one postponement after another.

One new burden saddled upon the steel industry is the almost mandatory fulfillment of steel orders placed by lease-lend countries other than Great Britain. Much of this business formerly was being filled by British and other European steel producers but has now fallen to the U. S. as the result of the war.

Fabricated structural steel awards dropped to 17,700 tons from 32,900 tons last week, the only substantial letting being 11,000 tons for the Boeing Aircraft plant at Renton, Wash. New structural steel projects of 21,725 tons are slightly higher than a week ago. Reinforcing steel awards of 38,125 tons were swelled by 22,500 tons for a War Department building at Washington.

THE "IRON AGE" COMPOSITE PRICES

Finished Steel

Sept. 30, 1941, 2.30467c. a Lb.

One week ago	2.30467c.
One month ago	2.30467c.
One year ago	2.30467c.

A weighted index based on steel bars, beams, tank plates, wire, rails, black pipe, hot and cold-rolled sheets and strip. These products represent 78% of the United States output.

	High		*Low*	
1941	2.30467c.	Sep 2	2.30467c.	Sep 2
1940	2.30467c.	Jan 2	2.24107c.	Apr 16
1939	2.35367c.	Jan 3	2.26689c.	May 16
1938	2.58414c.	Jan 4	2.27207c.	Oct 18
1937	2.58414c.	Mar 9	2.32263c.	Jan 4
1936	2.32263c.	Dec 28	2.05200c.	Mar 10
1935	2.07642c.	Oct 1	2.06492c.	Jan 8
1934	2.15367c.	Apr 24	1.95757c.	Jan 2
1933	1.95578c.	Oct 3	1.75836c.	May 2
1932	1.89196c.	Jly 5	1.83901c.	Mar 1
1931	1.99629c.	Jan 13	1.86586c.	Dec 29
1930	2.25488c.	Jan 7	1.97319c.	Dec 9
1929	2.31773c.	May 28	2.26498c.	Oct 29

Pig Iron

Sept. 30, 1941, $23.61 a Gross Ton

One week ago	$23.61
One month ago	23.61
One year ago	22.61

Based on averages for basic iron at Valley furnaces and foundry iron at Chicago, Philadelphia, Buffalo, Valley and Southern iron at Cincinnati.

	High		*Low*	
1941	$23.61	Mar 20	$23.45	Jan 2
1940	23.45	Dec 23	22.61	Jan 2
1939	$22.61	Sep 19	$20.61	Sep 12
1938	23.25	Jun 21	19.61	Jly 6
1937	23.25	Mar 9	20.25	Feb 16
1936	19.74	Nov 24	18.73	Aug 17
1935	18.84	Nov 5	17.83	May 14
1934	17.90	May 1	16.90	Jan 27
1933	16.90	Dec 5	13.56	Jan 3
1932	14.81	Jan 5	13.56	Dec 6
1931	15.90	Jan 6	14.79	Dec 15
1930	18.21	Jan 7	15.90	Dec 16
1929	18.71	May 14	18.21	Dec 17

Steel Scrap

Sept. 30, 1941, $19.17 a Gross Ton

One week ago	$19.17
One month ago	19.17
One year ago	20.54

Based on No. 1 heavy melting steel scrap quotations to consumers at Pittsburgh, Philadelphia, and Chicago.

	High		*Low*	
1941	$22.00	Jan 7	$19.17	Apr 10
1940	21.83	Dec 30	16.04	Apr 9
1939	22.50	Oct 3	14.08	May 16
1938	15.00	Nov 22	11.00	Jun 7
1937	21.92	Mar 30	12.92	Nov 10
1936	17.75	Dec 21	12.67	Jun 9
1935	13.42	Dec 10	10.33	Apr 29
1934	13.00	Mar 13	9.50	Sep 25
1933	12.25	Aug 8	6.75	Jan 3
1932	8.50	Jan 12	6.43	Jly 5
1931	11.33	Jan 6	8.50	Dec 29
1930	15.00	Feb 18	11.25	Dec 9
1929	17.58	Jan 29	14.08	Dec 3

The American Iron and Steel Institute on Sept. 29 announced that telegraphic reports which it had received indicated that operating rate of steel companies having 91% of the steel capacity of the industry will be 96.9% of capacity for the week beginning Sept. 29, compared with 96.8% one week ago, 96.3% one month ago and 92.6% one year ago. This represents an increase of 0.1 point, or 0.1%, from the preceding week. Weekly indicated rates of steel operations since Oct. 7, 1940, follow:

1940—		1941—		Mar 24	99.8%	Jun 30	x91.8%
Oct 7	94.2%	Jan 6	97.2%	Mar 31	99.2%	Jly 7	x94.9%
Oct 14	94.4%	Jan 13	98.5%	Apr 7	99.3%	Jly 14	x95.2%
Oct 21	94.9%	Jan 20	96.5%	Apr 14	98.3%	Jly 21	x96.0%
Oct 28	95.7%	Dec 30	95.9%	Apr 21	96.0%	Jly 28	x97.6%
Nov 4	96.0%	Jan 27	97.1%	Apr 28	94.3%	Aug 4	x96.3%
Nov 11	96.1%	Feb 3	96.9%	May 5	96.8%	Aug 11	x95.6%
Nov 18	96.6%	Feb 10	97.1%	May 12	99.2%	Aug 18	x96.2%
Nov 25	96.6%	Feb 17	94.6%	May 19	99.9%	Aug 25	x96.5%
Dec 2	96.9%	Feb 24	96.3%	May 26	98.6%	Sep 2	x96.3%
Dec 9	96.0%	Mar 3	97.5%	Jun 2	99.2%	Sep 8	96.9%
Dec 16	96.8%	Mar 10	98.8%	Jun 9	98.6%	Sep 15	96.1%
Dec 23	80.8%	Mar 17	99.4%	Jun 16	99.0%	Sep 22	96.8%
				Jun 23	99.9%	Sep 29	96.9%

x The revisions in the rates published for previous weeks reflect the recently announced increased capacity of the industry, rated as of June 30, 1941.

"Steel" of Cleveland, in its summary of the iron and steel markets on September 29, stated:

Steel priorities are working more smoothly as consumers gain familiarity with use of prescribed forms and steelmakers reform schedules in conformity. As a result deliveries for defense work are improving, though civilian consumers have not yet received benefit.

In another month mills will have a more orderly picture of the situation in armament requirements and then can determine how much tonnage can be devoted to nondefense purposes. At present top ratings are so numerous that lower A preferences suffer considerable delay. Oct. 14 is the deadline for filing form PD-73, applying to orders placed previous to Sept. 1, which will aid mills in putting books in order for comprehensive scheduling. Tonnage on which this form is not filed will be canceled.

Orders for civilian use continue to dwindle, the recession being noted over the past fortnight. Consumers without priority find prospects for delivery so remote they are discouraged from placing further orders. Meanwhile various efforts to spread subcontracting have been successful in placing a large number of smaller consumers in a position to obtain preference and thus get in line for supply.

A number of factors give promise of a better situation for nondefense users in the near future. Curtailment of automobile production will lift part of the burden on flat-rolled steel, army cantonment and industrial defense building are well along and various other pressing phases of the defense program are nearing or passing their peak. With these facts in view it seems likely present steel capacity will reach a point of supplying war needs, with a margin for civilian requirements remaining.

Pig iron allocations for October are about to be announced and a better distribution is expected after the experience of September. Various representations have been made to Washington which have improved understanding of consumer needs. Output of pig iron is being increased by addition of blast furnaces and other stacks are being prepared to go into production during coming months. Recovery of 8,000 tons of pig iron from a vessel beached in the Delaware River lends a small increase of visible supply.

Scrap shortage continues a major factor and much apprehension is felt over prospects for fall and winter. Finishing touches are being put on a priority order at Washington, designed to place supplies where they will do most good for defense. A ruling by OPM on remote scrap was issued last Friday (Sept. 26). Producers and dealers in scrap will be called on to report scrap inventories as a basis for priority ratings. Steelmakers in the Pittsburgh district estimate that present reserves and receipts at the current rate will carry them to Oct. 15, with probable curtailment or partial shutdown after that date. Most disquieting feature is that stocks are being depleted at a season when accumulation for winter usually is in process.

Last week automobile builders ran 78,535 units off the assembly lines, compared with 60,560 the preceding week and 95,990 in the corresponding week last year.

Ceiling prices have been placed on by-product coke, at the level prevailing for some time. No action has been taken on beehive coke, excess capacity in that grade making it unnecessary. Freezing prices is part of the effort to control cost of steel production by holding down raw material prices.

Exports of steel and iron products in July were 478.016 gross tons, an increase of 19.9% over 398,667 tons exported in June. For seven months these exports were practically the same as for the comparable period in 1940. Scrap exports in July were 59,905 tons, a heavy loss from 327,129 tons shipped in July, 1940. The largest item in July exports was semifinished steel in various forms.

Production rate remained steady at 96% last week, various changes in operation being well balanced. Chicago advanced 1 point to 101%, Wheeling 5 points to 91% and Cleveland 1 point to 95½. Cincinnati lost 5 points to 83%, Detroit 8 points to 87% and St. Louis 7 points to 91%. Most of these losses will be recouped this week. Rates were unchanged at Birmingham at 95, Eastern Pennsylvania 95, Buffalo 90½, New England 90, Pittsburgh 98 and Youngstown 98.

Composites are unchanged, under OPM price ceilings, finished steel at $56.60, steel and iron at $38.15 and steelworks scrap at $19.16.

Steel ingot production for the week ended Sept. 29 is placed at 98% of capacity in the compilation by Dow, Jones & Co., Inc. This compares with 97½% in the previous week and 97% two weeks ago.

United States Steel is estimated at 99%, against 98% in the week before and 96½% two weeks ago. Leading independents are credited with 97½%, compared with 97% in the preceding week and 97½% two weeks ago.

The following table gives comparisons of the percentage of production with the nearest corresponding week of previous years, together with the approximates, changes, in points, from the week immediately preceding:

	Industry	U. S. Steel	Independents
1941	98 + ½	99 + 1	97½ + ½
1940	92½ — 1	94 — 2	92 + ½
1939	85 + 4½	82 + 5½	87 + 3½
1938	47½	42	52½
1937	71 — 6	66 — 10	75 — 2½
1936	75½ + 1	70½	79½ + 3
1935	52½ + 1	41½ + 1½	62 + ½
1934	24½	21½ — ½	26½ + ½
1933	40 + 2½	37	42 + 4
1932	17½	18 + ½	17 — ½
1931	29½ + 1½	32 + 1	28 + 1½
1930	56½ — 3½	62½ — 3½	53 — 3½
1929	84 — 1	89 — ½	80 — 1
1928	87 + 1½	89 + 3	86 + 1
1927	66 + 1	68½	63½ + 1½

Weekly Coal and Coke Production Statistics

The current weekly report of the Bituminous Coal Division, U. S. Department of the Interior disclosed that the total production of soft coal in the week ended Sept. 20 is estimated at 9,930,000 net tons, a decrease of 1,100,000 tons, or 10.0%, from the output in the preceding week. The suspension throughout the week of Sept. 20 at "captive mines" accounted largely for the loss in tonnage. Production in the corresponding week of 1940 amounted to 9,321,000 tons.

The U. S. Bureau of Mines reported that the production of Pennsylvania anthracite for the week ended Sept. 20 was estimated at 1,141,000 tons, a decrease of 94,000 tons from the preceding week. Output in the corresponding week of 1940 amounted to 1,115,000 tons.

ESTIMATED UNITED STATES PRODUCTION OF SOFT COAL, IN THOUSANDS OF NET TONS WITH COMPARABLE DATA ON PRODUCTION OF CRUDE PETROLEUM

	Week Ended			Calendar Year to Date—*c*		
	Sept. 20	Sept. 13	Sept. 21			
Bituminous coal—*a*	1941	1941	1940	1941	1940	1929
Total including mine fuel	9,930	11,030	9,321	349,512	320,897	377,286
Daily average	1,655	1,838	1,553	1,583	1,436	1,679
Crude petroleum—*b*						
Coal equivalent of weekly output	6,526	6,461	5,800	227,236	225,221	167,438

(*a*) Includes for purposes of historical comparison and statistical convenience the production of lignite. (*b*) Total barrels produced during the week converted to equivalent coal assuming 6,000,000 B.t.u. per barrel of oil and 13,100 B.t.u. per pound of coal. Note that most of the supply of petroleum products is not directly competitive with coal (Minerals Yearbook 1939, page 702). (*c*) Sum of 38 weeks ended September 20, 1941, and corresponding 38 weeks in 1940 and 1929.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE AND BEEHIVE COKE (IN NET TONS)

	Week Ended			Calendar Year to Date		
	Sept. 20	Sept. 13	Sept. 21			
	1941	1941	1940	1941	1940 *a*	1929 *a*
Penn Anthracite—						
Total, incl. colliery fuel *b*	1,141,000	1,235,000	1,115,000	39,471,000	36,665,000	50,009,000
Comm'l prod'n *c*	1,084,000	1,173,000	1,059,000	37,503,000	34,832,000	46,408,000
Beehive Coke—						
U. S. total	132,700	126,700	77,600	4,378,200	1,667,600	4,987,300
Daily average	22,117	21,117	12,933	19,459	7,412	22,166

(*a*) Adjusted to comparable periods in the three years. (*b*) Includes washery and dredge coal, and coal shipped by truck from authorized operations. (*c*) Excludes colliery fuel.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES

(In Thousands of Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended					Sept.
State:	Sept. 13, 1941	Sept 6, 1941	Sept. 14, 1940	Sept. 16, 1939	Sept. 14, 1929	average 1923*e*
Alaska	4	4	3	4	(f)	(f)
Alabama	300	154	281	248	338	405
Arkansas and Oklahoma	102	88	73	68	123	96
Colorado	167	135	131	117	225	214
Georgia and North Carolina	1	1	1	*	(f)	(f)
Illinois	990	910	898	848	1,143	1,587
Indiana	459	431	355	330	343	550
Iowa	43	28	52	55	90	117
Kansas and Missouri	145	140	127	120	140	168
Kentucky—Eastern	983	867	757	907	965	713
Western	210	180	167	160	287	248
Maryland	46	33	26	32	52	40
Michigan	7	8	13	11	16	27
Montana	80	62	54	48	74	68
New Mexico	27	20	17	20	43	56
North and South Dakota	43	27	34	36	*f* 47	*f* 27
Ohio	685	583	415	437	522	861
Pennsylvania bituminous	2,710	2,452	2,475	2,208	2,916	3,585
Tennessee	145	131	111	117	111	119
Texas	8	9	12	20	23	26
Utah	101	90	85	95	110	103
Virginia	411	365	283	324	265	245
Washington	43	31	39	31	47	58
West Virginia—Southern *a*	2,304	2,003	1,966	2,081	2,230	1,474
Northern *b*	853	750	642	610	774	857
Wyoming	163	130	122	133	166	165
Other Western States *c*	*	1	*	*	*f* 6	*f* 4
Total bituminous coal	11,030	9,633	9,139	9,030	11,062	11,814
Pennsylvania anthracite *d*	1,235	1,217	1,057	1,215	1,434	714
Total, all coal	12,265	10,850	10,196	10,275	12,496	12,528

a Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. *b* Rest of State, including the Panhandle District and Grant, Mineral, and Tucker counties. *c* Includes Arizona, California, Idaho, Nevada, and Oregon. *d* Data for Pennsylvania anthracite from published records of the Bureau of Mines. *e* Average weekly rate for entire month. *f* Alaska, Georgia, North Carolina, and South Dakota included with "other Western States." * Less than 1,000 tons.

On The Foreign Front

European Stock Markets

War considerations affected European securities markets rather sharply, in recent sessions, with the trends varying widely in the different countries. The spreading realization that the war well may continue indefinitely occasioned repercussions especially on the Continental markets. Some departments of the London Stock Exchange also were affected.

Dealings in London were fairly active and the tone was cheerful, in the latter half of last week. After momentary hesitation stock prices again were marked upward during the initial sessions of the current week. Gilt-edged stocks improved on assurance that low money rates will be maintained. Shipping stocks soared in the London market, after proposals were advanced for dealing with arrears on Cunard-White Star preferred shares. Oil shares also reflected some good buying.

On the Continental markets a good deal of nervousness prevailed. Italian stock exchanges reflected heavy selling as successive new restrictions were imposed by the Rome regime on consumption of foodstuffs, textiles and other wares. The Berlin Boerse was heavy on official moves against advances which, it might appear, are based upon a flight from the currency. Stocks at Amsterdam fell heavily late last week, owing to the measures taken at Berlin, but the upswing in the Dutch market was resumed in recent sessions.

American Neutrality

Formal efforts now are well under way for whitting down or perhaps abandoning altogether the neutrality laws which, since 1935, have been a fundamental tenet in the policy of the United States. That the law is regarded as an awkward obstacle to the sort of policy pursued by President Roosevelt has now been made clear by the President himself and by a number of his Cabinet members and other spokesmen. Revision or repeal of the measure is said to impend, and it is significant that the decision is regarded almost everywhere as one for Mr. Roosevelt to make.

Despite the increasing tendency of the Chief Executive to disregard Congress, there is every assurance of a hot fight in Congress on the question of the neutrality law. Administration supporters introduced in the Senate, on Sept. 25, a resolution for outright repeal, to the end that arming of American merchant ships can be effected and the vessels sent into war zones. Bearing on this question, in all probability, is a further press-conference assurance by Mr. Roosevelt, Tuesday, that the Administration is determined to protect all American war supplies on all seas. Convoying of ships now is rumored to be in progress by the U. S. Navy both on the Atlantic and the Pacific.

Although genuine neutrality long since has been abandoned by the Administration, the technical neutrality of the current laws remains highly important and possibly would prevent that second A. E. F. which most Americans are believed to view with disfavor. It is a commonplace that Hitler does not desire to take on the United States as a full belligerent. The question of formal entry into the war thus may hinge upon Congressional action with respect to the neutrality law.

While further measures of the Roosevelt policy were under study and formulation, every effort was made to emphasize the growing assistance in war materials being placed at the disposal of Hitler's enemies. Fourteen new ships of the American merchant marine were launched last Saturday, at various yards throughout the country, and Mr. Roosevelt made the occasion one for another warlike declaration. The launchings, he said, constituted a "telling blow" at Hitler and other aggressors of his ilk." In view of the ever more martial attitude of the President, the suggestion is heard with increasing frequency that Congress be asked to determine the question of war or peace for the United States.

Russian Needs

Momentous and indicative is the conference that began in Moscow, last Sunday, among representatives of the Russian, British and United States Governments. The American delegation headed by W. Averill Harriman and the British group under Lord Beaverbrook reached the Russian capital that day and immediately plunged into protracted discussions with the Soviet Russian authorities on the war needs of the latter. Premier Joseph Stalin greeted the delegations and Foreign Commissar V. M. Molotoff urged in a remarkably brief address that six sub-committees be formed. "Time is precious," said M. Molotoff. "Let us get to work."

Moscow dispatches make it clear that the Russians need war materials and supplies of all kinds, and occasional hints have been supplied that the situation is becoming desperate. Such intimations are difficult to check, however, for Washington spokesmen made it clear, last Saturday, that the Russians are less than frank about their actual military position. They permit British and American observers to visit only scattered and isolated portions of the front, and until the Russians make their position really clear all their requests will be viewed with a degree of uncertainty.

There is no doubt, however, that the Russians do need much assistance, and President Roosevelt plainly is taking it for granted that Congress will authorize lend-lease aid to Moscow under the new appropriation requested on Sept. 18. Plans are said to be under study at Washington for diverting to Russia a large part of American munitions production in coming months. Britain is acting along similar lines and devoted the entire tank output of last week to Russian aid. Prime Minister Churchill informed the House of Commons, Tuesday, that many important supplies already are reaching Russia, and he added that only an "enormous" conversion of American factories to the manufacture of war materials can keep Russia on the firing line indefinitely.

Mr. Churchill likewise stated that transportation facilities, rather than ability or willingness to give, may in the end be the limiting factor in aid to Russia. This is a problem that doubtless will receive increasing attention in coming months and it will prove a difficult one to answer. All the desperate haste of American shipbuilding is inadequate for British needs alone, and Russia is a good deal more difficult to supply, since transportation routes apparently will be limited to the Persian Gulf and Vladivostok routes, with the latter highly uncertain. Voyages to both areas are long and shipping is scarce.

Nazi-Communist War

Warfare on the tremendous battle line from Leningrad to the Black Sea once again is veiled in obscurity, after a German victory in the battle east of Kiev. The Nazi High Command claimed the victorious termination of that battle of encirclement last Saturday, and if the assertions as to captures of Russian soldiers and equipment prove half-way accurate the way is open for the Germans to the Eastern Ukraine and the battle itself must be regarded as one of the greatest in all recorded history. But no foreign observers are at the scene and all claims must be treated with reserve.

That new developments now are in progress in southern Russia is fairly evident, both sides having again adopted a policy of extreme reticence. The Germans remark merely that results of the still nameless battle east of Kiev are being exploited. This can

(*Continued on Page 408*)

Non-Ferrous Metals—Export Copper Higher

"Metal and Mineral Markets" in its issue of Oct. 2 reported that the feature in the way of price changes during the last week was an advance of one-half cent a pound in export or bonded copper. The knowledge that the Government will pay more for Chilean copper prompted the move. The domestic situation in copper, lead, and zinc underwent no change. Russian demands for metals are expected to further dislocate the markets. The reduction in the price of aluminum to 15c. a pound went into effect Oct. 1. Manganese and chrome ores were a little easier, owing to improved ocean freight conditions. Ferrochromium advanced 2c. on third-quarter business.

Copper

Pending final action on the new contract to acquire additional large tonnages of Latin American copper, producers in Chile have consented to ship to Metals Reserve a total of about 65,000 tons during October and November. The price is said to be 11¼c., United States ports. This development strengthened the market for bonded copper and sellers raised their views to 11½c., f.a.s. New York, on Sept. 26. The export quotation has held at 11c., f.a.s. basis, since April 29.

Allocation certificates for October copper went into the mail yesterday. Domestic sales for the week involved 10.345 tons Sales for the month of September totaled 93,719 tons. The domestic quotation continued at 12c., Valley.

Full priority status was imposed on copper and grass scrap in order M-9-b issued by Donald M. Nelson, Director of Priorities Sept. 30. Control over scrap is expected to speed up the movement of such material to refiners and brass mills.

Lead

The trade believes that the Government is negotiating for additional tonnages of Canadian lead. Fairly large tonnages are on hand in Canada and available for immediate shipment. The domestic situation was unchanged, with consumers still asking for more lead than producers cared to sell. About 35.000 tons of imported pig lead will be released during October, which tonnage should aid greatly in satisfying the demand. Supply and "actual" consumption of lead appear to most observers to be in balance.

Quotations continued at 5.85c., New York, and at 5.70c., St. Louis.

Sales of common lead for the week by domestic producers amounted to 2,154 tons.

Zinc

Sales of the common grades for the week ended Sept. 27 totaled 6.885 tons, against 7.621 tons in the week previous. Shipments last week came to 6,418 tons. The backlog showed little change at 61,745 tons. Prime Western zinc continued at 7¼c., St. Louis.

OPM announced on Sept. 26 that producers of zinc will set aside an amount for the October pool equal to 27% of their August production. This will amount to about 20,400 tons. At the same time it was stated that producers of zinc oxide and zinc dust will not be required to set aside part of their production for October use.

Imports of slab zinc during July amounted to 3,779 tons, of which 1,500 tons came from Canada and 2,279 tons from Mexico.

Tin

The price situation in tin was unchanged, Straits holding at 52c. a pound for all positions. The Singapore market steadied, moving close to parity. Deliveries of tin in the United States during September amounted to 12,715 tons, which compares with 13,625 tons in August.

Straits tin for future arrival was as follows:

	Oct.	Nov.	Dec.
Sept. 25	52.000	52.000	52.000
Sept. 26	52.000	52.000	52.000
Sept. 27	52.000	52.000	52.000
Sept. 29	52.000	52.000	52.000
Sept. 30	52.000	52.000	52.000
Oct. 1	52.000	52.000	52.000

Chinese tin, 99%, spot, was nominally as follows: Sept. 25th 51.125c.; 26th, 51.125c.; 27th, 51.125c; 29th, 51.125c.; 30th, 51.125c.; Oct. 1st, 51.125c.

Aluminum

The 2c. per pound reduction in aluminium, establishing the price of ingot at 15c. a pound, went into effect Oct. 1. The Aluminum Co. of America observes that in 1886, when production started at the plant of the parent company, the Pittsburgh Reduction Co., the metal was selling at $8 a pound, with output at the rate of 9,000 pounds a year. When the present war emergency is over, more than a billion pounds will be available annually.

Quicksilver

Spot and nearby quicksilver continued in light supply and prices were more or less nominal. In general, quotations ranged from $193 to $195 per flask. The Pacific Coast market for October shipment metal remained at $190 per flask. Prices covering the more distant positions were subject to negotiation. with few consumers willing to take on large quantities under prevailing price conditions.

DAILY PRICES OF METALS ("E. & M. J." QUOTATIONS)

	—Electrolytic Copper—		Straits Tin,	—Lead—		Zinc
Sept.-Oct.	Dom., Refy.	Exp. Refy.	New York	New York	St. Louis	St. Louis
25	11.775	10.950	52.000	5.85	5.70	7.25
26	11.775	11.450	52.000	5.85	5.70	7.25
27	11.775	11.450	52.000	5.85	5.70	7.25
29	11.775	11.450	52.000	5.85	5.70	7.25
30	11.775	11.450	52.000	5.85	5.70	7.25
1	11.775	11.450	52.000	5.85	5.70	7.25
Average	11.775	11.376	52.000	5.85	5.70	7.25

Average prices for calendar week ended Sept. 27 are: Domestic copper f.o.b. refinery, 11.775c.; export copper, f.o.b. refinery 11.117c.; Straits tin, 52.000c.; New York lead, 5.850c.; St. Louis lead, 5.700c.; St. Louis zinc, 7.250c.; and silver, 34.750c.

The above quotations are "M. & M. M's" appraisal of the major United States markets, based on sales reported by producers and agencies. They are reduced to the basis of cash; New York or St. Louis, as noted. All prices are in cents per pound.

Copper, lead and zinc quotations are based on sales for both prompt and future deliveries; tin quotations are for prompt delivery only.

In the trade, domestic copper prices are quoted on a delivered basis; that is, delivered at consumers' plants. As delivery charges vary with the destination, the figures shown above are net prices at refineries on the Atantic seaboard. Delivered prices in New England average 0.225c. per pound above the refinery basis.

Export quotations for copper are reduced to net at refineries on the Atlantic seaboard. On foreign business, owing to the European War, most sellers are restricting offerings to f.a.s. transactions, dollar basis. Quotations for the present reflect this change in method of doing business. A total of 0.05c. is deducted from f.a.s. basis (lighterage, etc.) to arrive at the f.o.b. refinery quotation.

Due to the European war the usual table of daily London prices is not available. Prices on standard tin, the only prices given, however, are as follows: Sept. 25, spot, £256, three months; £259¾; Sept. 26, spot, £256, three months, £259¾; Sept. 29, spot, £256, three months, £259¾; Sept. 30, spot, £256, three months, £260¼; and Oct. 1, spot, £256, three months, £260¼.

Foreign Front

(Continued from Page 407)

only mean that the Nazis are pushing forward toward Kharkov, which is the great industrial center of the Donets Basin. It may also be that contingents are pushing northward for another encirclement of the Russian forces between Smolensk and Moscow. Until the fresh moves in this vast war develop, it may well be impossible for the outside world to evaluate the battle east of Kiev.

After several days of rising claims of Russian soldiers captured, the German High Command tersely stated on Sept. 27 that the battle east of Kiev had ended with 665,000 prisoners in German hands. The war material captures included 884 tanks and 3.718 guns, in addition to "tremendous quantities" of other supplies, according to the statement. The Russians contended themselves with saying that of 15 encircled divisions almost ten had escaped intact and were capable of giving a good account of themselves. Thereafter both the Germans and Russians lapsed into their usual habit of asserting that matters are going "according to plan."

There were intimations from Berlin, furnished by the official news agency, that still more Russians had been captured eastward of the encircled region, as the Reich forces moved onward. But military experts incline to the belief that another sizable battle well may develop before Kharkov. At the southern end of the long line the Germans admittedly were driving toward the Crimean Peninsula, and parachute troops were dropped in that area. But the Russians claimd to be holding out in the Crimea and also at Odessa, which remains under siege.

In the center the Russians reported blow after blow against the Germans in the Smolensk salient, and foreign observers were able to confirm the development there. The sector is a sea of mud, however, after many days of steady rain. This means that both sides are finding their supply problems difficult. German airplane attacks against Moscow were noted intermittently, and the Kremlin itself was reported hit by the Germans. All such attacks again were made at night, which indicates that the Germans are far from having wiped out the Russian air force.

Leningrad remained under attack by the Germans and their Finnish allies, but holds out valiantly. A good part of the vast accumulation of Russian war materials apparently was stored in Leningrad arsenals, for mines by the thousands were laid to impede the German advance. The precise position of the Leningrad defense remains uncertain. British authorities made a formal effort to have the Finns end their war against Russia, but no success so far has been achieved. In the sea warfare both sides claimed sinkings of large opposing naval units, but the information appears to be less than reliable.

British Lifeline

Increasing military activity now is apparent along much of the long lifeline from the United Kingdom to the Far East, and vast campaigns are virtually assured if the Russian defense in Europe collapses and the Communists retreat behind the Urals The Mediterranean is the scene of intensive preparations for a winter struggle. The Near and Middle East are being prepared for fresh diplomatic and military developments.

British forces engaged this week in an obvious attempt to make the war too hot for Premier Mussolini and the discontented

(Continued on Page 409)

Wholesale Prices Down Slightly

The reaction in agricultural markets brought the Bureau of Labor Statistics' index of wholesale prices of nearly 900 series down slightly by 0.1% during the week ended Sept. 20, Acting Commissioner Hinrichs reported on Sept. 25. "At 91.5% of the 1926 average, the general level of commodity prices in wholesale markets is 1.7% higher than last month and 17.8% above a year ago," Mr. Hinrichs said.

The Labor Bureau's announcement further said:

> Average wholesale prices for farm products dropped 0.4% and food prices 0.7% during the week. Both groups are substantially higher than in 1940—farm products by 39%, and food prices by 24½%. Prices for all grains, except barley, fell sharply and quotations were also lower for cotton, eggs, onions, and potatoes. Weakening prices for steers and lambs brought the average for livestock and poultry down 0.3%. Meats declined 2.1%. Quotations were also lower for fresh beef at New York, and fresh pork and lamb. Higher prices were reported for calves, live and dressed poultry, cured pork, and for hay, tobacco, and wool. There were further advances for butter, cheese, most canned and dried fruits, sweet potatoes, coffee, oleo oil, edible tallow, and refined soy bean oil.
>
> Textile products and chemicals and allied products continued to rise, both advancing by 0.6% during the week. Quotations were higher for cotton goods such as denim, ticking, tire fabrics and cotton yarn, and for rayon yarns, and raw jute. Sharp increases occurred in prices for certain industrial chemicals, including denatured alcohol, salt cake, zinc chloride, phosphates, synthetic camphor, and for fats and oils.
>
> Hides rose more than 3% and prices for leather, shoes and luggage also advanced. Coal and petroleum products continued to rise.
>
> The lumber index rose 0.9% because of higher quotations for most types of Douglas fir and for yellow pine drop siding, and timbers. Maple and oak flooring declined and lower prices were also reported for yellow pine boards, finish and flooring. Turpentine declined 4.4% during the week, while linseed oil advanced.
>
> The following tables show (1) index numbers for the principal groups of commodities for the past 3 weeks, for Aug. 23, 1941 and for Sept. 21, 1940 and the percentage changes from a week ago, a month ago, and a year ago (2) percentage changes in subgroup indexes from Sept. 13 to Sept. 20, 1941.

(1926 = 100)

						Percentage changes to Sept. 20, 1941 from		
Commodity groups	9-20 1941	9-13 1941	9-6 1941	8-23 1941	9-21 1940	9-13 1941	8-23 1941	9-21 1940
All commodities	91.5	91.6	91.0	90.0	77.7	—0.1	+1.7	+17.8
Farm products	91.2	91.6	89.1	86.7	65.7	—0.4	+5.2	+38.8
Foods	88.5	89.1	88.6	87.0	71.1	—0.7	+1.7	+24.5
Hides and leather products	111.7	111.4	111.2	110.8	99.0	+0.3	+0.8	+12.8
Textile products	89.2	88.7	88.3	87.3	72.0	+0.6	+2.2	+23.9
Fuel and lighting materials	80.0	80.0	79.9	79.8	71.9	0	+0.3	+11.3
Metals and metal products	98.7	98.7	98.7	98.6	95.3	0	+0.1	+3.6
Building materials	106.2	105.9	106.0	105.2	95.2	+0.3	+1.0	+11.6
Chemicals and allied products	87.8	87.3	86.0	85.9	73.8	+0.6	+2.2	+14.3
Housefurnishing goods	98.0	97.9	97.1	96.8	90.0	+0.1	+1.2	+8.9
Miscellaneous commodities	85.0	84.9	84.5	83.6	76.3	+0.1	+1.7	+11.4
Raw materials	89.8	90.0	88.5	86.9	70.1	—0.2	+3.3	+28.1
Semimanufactured articles	90.1	89.9	90.0	89.4	77.5	+0.2	+0.8	+16.3
Manufactured products	92.8	93.0	92.6	91.8	81.7	—0.2	+1.1	+13.6
All commodities other than farm products	91.6	91.7	91.4	90.7	80.4	—0.1	+1.0	+13.9
All commodities other than farm products and foods	91.8	91.6	91.4	90.9	82.5	+0.2	+1.0	+11.3

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM SEPT. 13 to SEPT. 20, 1941

Increases

Oil and fats	2.2	Clothing	0.3
Rayon	2.0	Brick and tile	0.3
Fruits and vegetables	1.4	Chemicals	0.3
Anthracite	1.1	Shoes	0.2
Lumber	0.9	Woolen and worsted goods	0.2
Fertilizer materials	0.7	Petroleum products	0.2
Cotton goods	0.7	Drugs and pharmaceuticals	0.2
Other miscellaneous	0.6	Other textile products	0.1
Hides and skins	0.5	Bituminous coal	0.1
Leather	0.5	Furnishings	0.1
Other leather products	0.5	Furniture	0.1

Decreases

Grains	2.3	Other foods	0.8
Meats	2.1	Livestock and poultry	0.3
Cattle feed	1.3	Cereal products	0.2

Bond Prices Steady

Prices have been firm and even upward in trend for most classes of bonds this week. Treasury bonds have improved fractionally.

High-grade railroad bonds have been slightly improved in price with a firm undertone toward the close of the week under review. Atchison, Topeka & Santa Fe gen. 4s, 1995, at 109 gained ⅞. Medium-grade rail bonds have ranged from mixed to slightly better and more speculative rail issues have scored wide gains. Among issues in the latter group Southern Railway 6½s, 1956, have advanced 1¾ to 84¾. Defaulted rails in light trading have picked up fractions.

Utility bonds of investment quality have been firm. Speculative bonds have been more erratic, issues such as Interstate Power 6s, 1952, New England Gas & Electric 5s, 1947, and Associated Telephone & Telegraph 5½s, 1955, having lost ground. Canadian utility issues have been active and strong reflecting a continuation of the steady demand which has been noticeable in recent weeks. Sale of $90,000,000 American Telephone & Telegraph debentures to a group of insurance companies has removed the issue from the list of forthcoming flotations.

The drift has been generally downward in the industrial section of the list with losses primarily confined to fractions. Exceptions, on the down side, include Certain-teed Products 5½s, 1948, off 1⅞ points to 85⅛, International Mercantile Marine 6s, 1941, off 3¾ points at 84½, and Childs Company 5s, 1943, down 1½ points at 45 despite moderate strength toward the end of the week. On the up side such speculative issues as Marion Steam Shovel stamped 6s, 1947, Francisco Sugar 6s, 1956, and Manati Sugar 4s, 1957, have risen 1½ to 3⅛ points.

Foreign bonds have experienced a temporary unsettlement and some of the recently stronger issues such as Commonwealth and Scandinavian issues relinquished several points but steadied later. Canadian loans have continued well in demand while, in the South American list, Cuba 4½s established a new high and Sao Paulo

Coffee 7s advanced 4½ points. Italy 7s have improved 2 points and Japanese have continued irregularly lower.

Moody's computed bond prices and bond yield averages are given in the following tables:

MOODY'S BOND PRICES
(Based on Average Yields)

1941 Daily Averages	U. S. Govt. Bonds	Avge. Corporate *	Corporate by Ratings *				Corporate by Groups *		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Sept 30	119.08	107.80	118.20	115.24	108.88	91.48	96.85	112.00	115.63
29	119.03	107.62	118.00	115.04	108.88	91.34	96.69	112.00	115.43
27	119.07	107.62	118.00	115.04	108.88	91.19	96.54	111.81	115.43
26	119.06	107.44	118.00	115.04	108.70	91.05	96.54	111.81	115.24
25	118.95	107.44	118.20	114.85	108.70	91.05	96.54	111.81	115.24
24	118.95	107.44	118.00	114.85	108.70	91.19	96.69	111.81	115.43
23	118.95	107.44	118.20	114.85	108.70	91.19	96.69	111.81	115.43
22	118.96	107.62	118.20	114.85	108.70	91.34	96.54	111.81	115.43
20	118.88	107.44	118.00	114.85	108.70	91.34	96.69	111.81	115.43
19	118.84	107.62	118.00	114.85	108.70	91.48	96.69	111.81	115.43
18	118.84	107.62	118.00	114.85	108.70	91.48	96.85	111.81	115.43
17	118.82	107.62	118.20	114.66	108.70	91.48	96.69	111.62	115.43
16	118.87	107.62	118.00	114.66	108.70	91.62	96.85	111.81	115.24
15	118.96	107.44	117.80	114.66	108.70	91.62	97.00	111.81	115.04
13	119.02	107.62	118.00	114.46	108.70	91.77	97.00	111.81	115.24
12	119.02	107.62	118.00	114.66	108.70	91.62	97.00	111.81	115.24
11	119.02	107.62	118.00	114.85	108.70	91.77	97.16	111.81	115.24
10	119.09	107.80	118.20	115.04	108.88	91.91	97.16	111.81	115.43
9	119.11	107.80	118.20	114.85	108.88	91.91	97.16	112.00	115.43
8	119.13	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
6	119.18	107.80	118.20	114.85	108.70	92.06	97.16	112.00	115.24
5	119.13	107.80	118.20	114.85	108.88	95.06	97.31	112.00	115.24
4	119.16	107.80	118.20	114.85	108.88	92.06	97.16	112.00	115.43
3	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
2	119.13	107.80	118.20	114.66	108.88	92.06	97.16	112.00	115.43
1	Stock Exchange Closed								
Aug. 29	119.14	107.80	118.40	114.85	108.88	91.77	97.16	111.81	115.43
22	118.78	107.62	118.00	114.66	108.70	91.77	97.16	112.00	115.04
15	118.90	107.80	118.00	115.04	108.70	91.91	97.31	112.00	115.04
8	119.20	107.98	118.20	115.24	108.70	92.20	97.47	112.00	115.24
1	119.56	107.80	118.20	115.24	108.52	92.06	97.47	112.00	115.24
July 25	119.55	107.80	118.00	115.24	108.52	92.06	97.47	112.00	115.04
18	119.47	107.62	118.20	115.04	108.34	91.91	97.46	112.00	115.04
11	119.46	107.62	118.20	115.04	108.16	91.91	97.16	111.81	115.04
3	119.55	107.44	118.00	114.66	107.98	91.77	97.00	111.62	114.85
June 27	119.45	107.44	118.00	114.66	107.80	91.77	97.16	114.44	114.66
20	119.02	107.09	117.80	114.46	107.62	91.48	97.00	111.44	114.27
13	118.97	106.92	117.60	114.08	107.44	91.48	97.00	111.25	113.89
6	118.81	106.74	117.20	113.70	107.27	91.19	96.69	110.88	113.31
May 29	118.71	106.39	116.61	113.31	107.09	91.05	96.69	110.70	112.75
23	118.35	106.39	116.80	113.50	106.92	91.19	96.69	110.70	112.93
16	118.52	106.39	116.61	113.31	106.92	91.34	96.85	110.52	112.75
9	118.45	106.56	116.80	113.12	106.92	91.62	97.00	110.52	112.93
2	118.66	106.39	117.00	112.93	106.74	91.34	96.85	110.52	112.75
Apr. 25	118.62	106.21	116.61	112.75	106.56	91.19	96.69	110.34	112.19
18	118.28	105.86	116.41	112.56	106.39	90.91	96.54	110.15	112.00
10	117.36	105.69	116.41	112.19	106.21	90.77	96.54	109.79	111.81
4	117.55	106.04	116.80	112.37	106.21	91.43	97.00	109.97	112.19
Mar. 28	117.80	105.86	116.41	112.19	106.04	91.05	96.54	109.79	111.81
21	117.85	106.21	117.00	112.93	106.56	90.77	96.54	110.15	112.75
14	117.77	106.21	117.40	113.31	106.56	90.48	96.54	109.97	113.31
7	116.90	106.04	117.40	113.31	106.39	90.20	96.23	109.97	113.12
Feb. 28	116.93	105.86	117.20	112.93	106.21	89.78	95.92	109.79	112.75
21	116.06	105.52	117.00	112.75	106.04	89.52	95.62	109.60	112.75
14	116.24	105.86	117.60	113.12	106.21	89.64	95.92	109.60	113.12
7	116.52	106.21	117.80	113.31	106.39	90.20	95.54	109.79	113.31
Jan. 31	117.14	106.39	118.00	113.70	106.39	90.48	96.85	109.79	113.70
24	117.64	106.56	117.60	113.89	106.56	90.77	97.16	109.97	113.50
17	118.06	106.56	118.20	113.89	106.56	90.48	96.69	110.15	113.89
10	118.03	106.56	118.20	114.27	106.56	90.34	96.69	110.15	114.08
3	118.65	106.39	118.40	114.46	106.39	89.78	95.92	110.15	114.46
High 1941	119.62	107.98	118.60	115.24	108.88	92.35	97.62	112.00	115.63
Low 1941	115.89	105.52	116.22	112.00	106.04	89.23	95.62	109.42	111.62
High 1940	119.63	106.74	119.00	115.04	106.74	89.92	96.07	110.88	114.85
Low 1940	113.02	99.04	112.19	109.60	99.52	79.37	86.38	105.52	106.56
1 Yr. Ago									
Sept 30, 1940	116.78	104.48	117.20	112.93	103.97	87.32	93.23	109.79	111.62
2 Yrs. Ago									
Sept 30, 1939	103.70	97.00	108.34	103.97	95.32	82.90	88.13	100.65	102.56

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1941 Daily Average	Avge. Corporate	Corporate by Ratings				Corporate by Groups		
		Aaa	Aa	A	Baa	R. R.	P. U.	Indus
Sept 30	3.29	2.74	2.89	3.23	4.31	3.95	3.06	2.87
29	3.30	2.75	2.90	3.23	4.32	3.96	3.06	2.88
27	3.30	2.75	2.90	3.23	4.33	3.97	3.07	2.88
26	3.31	2.75	2.90	3.24	4.34	3.97	3.07	2.89
25	3.31	2.74	2.91	3.24	4.34	3.97	3.07	2.89
24	3.31	2.75	2.91	3.24	4.33	3.96	3.07	2.88
23	3.31	2.74	2.91	3.24	4.33	3.96	3.07	2.88
22	3.30	2.74	2.91	3.24	4.32	3.97	3.07	2.88
20	3.31	2.75	2.91	3.24	4.32	3.96	3.07	2.88
19	3.30	2.75	2.91	3.24	4.31	3.96	3.07	2.88
18	3.30	2.75	2.91	3.24	4.31	3.95	3.07	2.88
17	3.30	2.74	2.92	3.24	4.31	3.96	3.08	2.88
16	3.30	2.75	2.92	3.24	4.30	3.95	3.07	2.89
15	3.31	2.76	2.92	3.24	4.30	3.94	3.07	2.90
13	3.30	2.75	2.93	3.24	4.29	3.94	3.07	2.89
12	3.30	2.75	2.92	3.24	4.30	3.94	3.07	2.89
11	3.30	2.75	2.91	3.24	4.29	3.93	3.07	2.89
10	3.29	2.74	2.90	3.23	4.28	3.93	3.07	2.88
9	3.29	2.74	2.91	3.23	4.28	3.93	3.06	2.88
8	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
6	3.29	2.74	2.91	3.24	4.27	3.93	3.06	2.89
5	3.29	2.74	2.91	3.23	4.27	3.92	3.06	2.89
4	3.29	2.74	2.91	3.23	4.27	3.93	3.06	2.88
3	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
2	3.29	2.74	2.92	3.23	4.27	3.93	3.06	2.88
1	Stock Exchange Closed							
Aug. 29	3.29	2.73	2.91	3.23	4.29	3.93	3.06	2.88
22	3.30	2.75	2.92	3.24	4.29	3.93	3.06	2.90
15	3.29	2.75	2.90	3.24	4.28	3.92	3.06	2.90
8	3.28	2.74	2.89	3.24	4.26	3.91	3.06	2.89
1	3.29	2.74	2.89	3.25	4.27	3.91	3.06	2.89
July 25	3.29	2.75	2.89	3.25	4.27	3.91	3.06	2.90
18	3.30	2.74	2.90	3.26	4.28	3.93	3.06	2.90
11	3.30	2.74	2.90	3.27	4.28	3.93	3.07	2.90
3	3.31	2.75	2.92	3.28	4.29	3.94	3.08	2.91
June 27	3.31	2.75	2.92	3.29	4.29	3.93	3.09	2.92
20	3.33	2.76	2.93	3.30	4.31	3.94	3.09	2.94
13	3.34	2.77	2.95	3.31	4.31	3.94	3.10	2.96
6	3.35	2.79	2.97	3.32	4.33	3.96	3.12	2.99
May 29	3.37	2.82	2.99	3.33	4.34	3.96	3.13	3.02
23	3.37	2.81	2.98	3.34	4.33	3.96	3.13	3.01
16	3.37	2.82	2.99	3.34	4.32	3.95	3.14	3.02
9	3.36	2.81	3.00	3.34	4.30	3.94	3.14	3.01
2	3.37	2.80	3.01	3.35	4.32	3.95	3.14	3.02
Apr. 25	3.38	2.82	3.02	3.36	4.33	3.96	3.15	3.05
18	3.40	2.83	3.03	3.37	4.35	3.97	3.16	3.06
10	3.41	2.83	3.05	3.38	4.36	3.97	3.18	3.07
4	3.39	2.81	3.04	3.38	4.31	3.94	3.17	3.05
Mar. 28	3.40	2.83	3.05	3.39	4.34	3.97	3.18	3.07
21	3.38	2.80	3.01	3.36	4.36	3.97	3.46	3.02
14	3.38	2.78	2.99	3.36	4.38	3.97	3.17	2.99
7	3.39	2.78	2.99	3.37	4.40	3.99	3.17	3.00
Feb. 28	3.40	2.79	3.01	3.38	4.43	4.01	3.18	3.02
21	3.42	2.80	3.02	3.39	4.45	4.03	3.19	3.02
14	3.40	2.77	3.00	3.38	4.44	4.01	3.19	3.00
7	3.38	2.76	2.99	3.37	4.40	3.97	3.18	2.99
Jan. 31	3.37	2.75	2.97	3.37	4.37	3.95	3.18	2.97
24	3.36	2.77	2.96	3.36	4.36	3.93	3.17	2.98
17	3.36	2.74	2.96	3.36	4.38	3.96	3.16	2.96
10	3.36	2.74	2.94	3.36	4.39	3.96	3.16	2.95
3	3.37	2.73	2.93	3.37	4.43	4.01	3.16	2.93
High 1941	3.42	2.84	3.05	3.39	4.47	4.03	3.20	3.08
Low 1941	3.28	2.72	2.89	3.23	4.25	3.90	3.06	2.87
High 1940	3.81	3.06	3.19	3.78	5.24	4.68	3.42	3.36
Low 1940	3.35	2.70	2.90	3.35	4.42	4.00	3.12	2.91
1 *Year Ago*—								
Sept. 30, 1940	3.48	2.79	3.01	3.51	4.61	4.19	3.18	3.08
2 *Years Ago*—								
Sept. 30, 1939	3.94	3.26	3.51	4.05	4.95	4.55	3.71	3.57

* These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

Bonds Used In Moody's Corporate Bond Yield Averages

RAILROADS

Aaa

Chesapeake & Ohio 4½s, 1992
Cincinnati Union Term. 3⅜s, 1969
Hocking Valley 4½s, 1999
Norfolk & Western 4s, 1996
Union Pacific 3½s, 1980

Aa

Atch., Top. & Santa Fe gen. 4s, 1995
Chesapeake & Ohio "D" 3½s, 1996
Indianapolis Union 3½s, 1986
Monongahela Ry. 3¼s, 1966
Oregon-Washington R. R. & Nav. 4s, 1961
Pennsylvania 4½s, 1960
Pgh., Cin., Chi. & St. Louis 4½s, 1964
Union Pacific 3½s, 1971
Virginian Ry. 3¾s, 1966

A

Atch., Top. & Santa Fe, R. M. 4s, 1965
Car., Clinch. & Ohio 4s, 1965
Chicago Union Station 3¾s, 1963
Great Northern 4¼s, 1961
Louisville & Nashville 4s, 1960
New York Connecting R. R. 3½s, 1965
Northern Central Ry. 4½s, 1974
Pennsylvania 4¼s, 1984
Piedmont & Northern 3¾s, 1966
Pgh., Cin., Chi. & St. Louis 5s, 1975

Baa

Chicago, Burl. & Quincy 4½s, 1977
Chic. & West Ind. 4¼s, 1962
Clev., Cin., Chi. & St. Louis 4s, 1993
Great Northern 4½s, 1976
Louisiana & Arkansas 5s, 1969
Northern Pacific 4s, 1997
Pennsylvania 4½s, 1970
Reading "A" 4½s, 1997
Southern Railway 5s, 1994
Texas & Pacific 1st 5s, 2000

PUBLIC UTILITIES

Aaa

Boston Edison 2¾s, 1970
Brooklyn Edison 3¼s, 1966
Cincinnati Gas & Electric 3¼s, 1966
Cons. Gas Balt. 2¾s, 1976
Illinois Bell Tel. 2¾s, 1981
New York Edison 3¼s, 1965
Pacific Tel. & Tel. "B" 3¼s, 1966
Potomac Elec. Pr. 3¼s, 1966
Public Serv. El. & Gas 3¼s, 1968
Southwestern Bell Tel. 3s, 1968

Aa

American Tel. & Tel. 3¼s, 1961
Atlantic City Electric 3¼s, 1964
Columbus & So. Ohio El. 3¼s, 1970
Consumers Power 3¼s, 1966
Detroit Edison 3s, 1970
Louisville Gas & Elec. 3½s, 1966
Ohio Power 3¼s, 1968
Pacific Gas & Electric 3s, 1970
Southern California Edison 3s, 1965
Virginia Electric & Power 3½s, 1968

A

Appalachian El. Pr. 3¼s, 1970
Central Maine Power 3½s, 1966
Gulf States Utilities 3½s, 1969
Lake Superior Dist. Pr. 3½s, 1966
Montana Power 3¾s, 1966
Ohio Edison 3¾s, 1972
Pennsylvania Power & Light 3½s, 1969
Public Service of Col. 3½s, 1964
Southwestern Gas & Electric 3¼s, 1970
Wisconsin Public Service 3¼s, 1971

Baa

Arkansas Power & Light 5s, 1956
Central Power & Light 3¾s, 1969
Empire District Electric 5s, 1952
Florida Power 4s, 1966
Iowa Public Service 3¾s, 1969
Kentucky Utilities 4s, 1970
Minnesota Power & Light 4½s, 1978
No. Indiana Pub. Serv. 3¾s, 1969
Penn Central Light & Power 4½s, 1977
Public Service Co. of Ind. 4s, 1969

INDUSTRIALS

Aaa

Socony-Vacuum 3s, 1964
Standard Oil Calif. 2¾s, 1966
Standard Oil N. J. 2¾s, 1953
Texas Corp. 3s, 1965

Aa

Inland Steel 3s, 1961
National Steel 3s, 1965
Swift & Co. 2¾s, 1961

A

Bethlehem Steel 3s, 1960
Firestone Tire & Rubber 3s, 1961
Koppers Co. 3½s, 1961
McCrory Stores 3¼s, 1955
National Dairy Prod. 3¼s, 1960
National Oil Products 3¼s, 1955
National Supply 3¾s, 1954
Shell Union Oil 2¾s, 1961
Union Oil of Calif. 3s, 1959
West Virginia Pulp & Paper 3s, 1954

Baa

Armour & Co. of Del. 4s, 1955
Celanese Corp. 3s, 1955
Cudahy Packing 3¾s, 1955
Curtis Publishing 3s, 1955
Jones & Laughlin 3¼s, 1961
McKesson & Robbins 3½s, 1956
Remington Rand 3½s, 1956
Revere Copper & Brass 3¼s, 1960
Wheeling Steel 3½s, 1966
Youngstown Sheet & Tube 3¼s, 1960

Foreign Front

(Continued from Page 408)

Italian people.. The sharpest air raids yet suffered by Italy were reported early this week. Large squadrons of the British air force soared over a score of Italian ports and industrial cities and dropped heavy bombs. These raids followed admitted measures in Rome of the belt-tightening variety. Italians were warned by the Fascists of a cold winter, and bread rationing began last Saturday. Clothes rationing was started in Italy on Monday, and it is obvious that further shortages will soon be felt. Since the Italian people are known to be uncomfortable, it may be that the drive to put Italy out of the war has a chance of success.

Another great aerial-naval engagement occurred in the Mediterranean last Saturday, and was reported progressively and rather differently by the Italian and British Commands. An important convoy passed through the Mediterranean and arrived safely at its destination, save for one merchant ship which was damaged and subsequently scuttled, London indicated. The British Admiralty also admitted that the battle cruiser Nelson had been hit by an aerial torpedo and her speed reduced in consequence. Aerial losses of the British were three planes downed, and the crews of two were rescued.

The Italian version, which can be regarded as largely fanciful, was that three British cruisers and three merchant ships were sunk in this encounter, while nine other vessels were reported damaged. Both admitted the loss of eight Italian airplanes. These Italian comments at least suggest the size of the convoy that passed through the Middle Sea, which carried supplies either for the Western Desert forces or for the Middle East legions being assembled by General Sir Archibald Wavell. In the war area on the Egyptian-Libyan border little activity was noted recently, but the quiet is plainly deceptive since both sides are preparing for a test of strength. To the south, in Ethiopia, one of the small remaining Italian forces surrendered this week to the British.

Especially significant is the diplomatic tug-of-war that remains in progress in the area where the tip of the Balkan peninsula is separated only by the Dardanelles from the Near East. Bulgaria and neutral Turkey occupy this land bridge, which the Germans unquestionably wish to utilize. Intense diplomatic pressure is reported at Sofia and Ankara, where the Germans are endeavoring to swing the countries into the Axis, while British representatives are working at least for neutrality.

All signs point to the rapid development of rail and other communications from the head of the Persian Gulf to the Russian Caucasus, for that may turn out to be the only assured route for sea-borne supplies for Russia from Britain and the United States. London hinted this week at a joint Anglo-Russian defense of the Caucasus oil region, if that should prove necessary. The adequacy of the supply line through Iran is, on the other hand, a matter that will require some examination, since both sea and land facilities are none too plentiful.

Churchill Reports

One of his increasingly rare explanations of the progress of the war was made Tuesday by Prime Minister Winston Churchill, without disclosure of intentions for the future. The British spokesman was more optimistic than on previous occasions, but he warned the House of Commons and the British people generally against any easy assumption that the danger point has been passed. Only in the air was British superiority over the Nazis claimed by the Prime Minister.

Mr. Churchill remarked in his discourse that Hitler has said nothing for seven months about the German plans, and he reaffirmed his intention of avoiding too frequent expositions of government policy. What Hitler said last January and February proved helpful to the British defense, said Mr. Churchill, who indicated in this fashion that he has no intention of reciprocating. It remains uncertain, he noted, whether German forces intend to proceed much father into Russia, or will appear in Africa or even attempt the long-threatened invasion of England.

The only German military shortage is in the air, Prime Minister Churchill remarked. That is a serious shortage, he admitted, but pointed out that in other respects the Germans hold the initiative. The clamor in England for a British invasion of the Continent to relieve the pressure upon Russia was answered by the Prime Minister, who assured the House that this expedient had been carefully considered on a number of occasions. Britain cannot look forward to an army comparable in numbers to the armies of the Continent, he said. Mr. Churchill added that the British force is a finely tempered one, capable of hurling into the sea any Nazi invasion army.

With respect to the Battle of the Atlantic, Mr. Churchill had some reassuring things to say. He declared that British, Allied and neutral merchant shop sinkings in the quarter of July, August and September were only one-third of such losses for the preceding quarter of April, May and June. Since the British official figures for the three earlier months totaled 1,416,000 tons, losses now disclosed by the Prime Minister for the summer period amounted to approximately 472,000 tons. Food stocks on hand in the United Kingdom are higher than at the outbreak of the war, and a better Christmas dinner than last year is assured, Mr. Churchill added.

Soon after Mr. Churchill gave the House this tempered report, German aerial bombings of British East-Coast cities were resumed on a large scale, obviously because the Germans were nettled at the references to their

(Continued on Page 410)

Trading On New York Exchanges

The Securities and Exchange Commission made public on Sept. 26 figures showing the daily volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Sept. 13, 1941, continuing a series of current figures being published by the Commission. Short sales are shown separately from other sales in these figures, the Commission explained.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Sept. 13 (in round-lot transactions) totaled 649,015 shares, which amount was 17.64% of total transactions on the Exchange of 3,664,950 shares. This compares with member trading during the previous week ended Sept. 6 of 439,870 shares or 16.72% of total trading of 2,504,760 shares. On the New York Curb Exchange, member trading during the week ended Sept. 13 amounted to 144,190 shares, or 16.65% of the total volume on that Exchange of 773,310 shares; during the preceding week trading for the account of Curb members of 105,995 shares was 16.07% of total trading of 587,720 shares.

The Commission made available the following data for the week ended Sept. 13:

The data published are based upon weekly reports filed with the New York Stock Exchange and the New York Curb Exchange by their respective members. These reports are classified as follows:

	N. Y. Stock Exchange	N. Y. Curb Exchange
Total Number of Reports Received	1,054	777
1. Reports showing transactions as specialists	191	100
2. Reports showing other transactions initiated on the floor	202	43
3. Reports showing other transactions initiated off the floor	219	85
4. Reports showing no transactions	558	561

Note—On the New York Curb Exchange, odd-lot transactions are handled solely by specialists in the stocks in which they are registered and the round-lot transactions of specialists resulting from such odd-lot transactions are not segregated from the specialists' other round-lot trades. On the New York Stock Exchange, on the other hand, all but a fraction of the odd-lot transactions are effected by dealers engaged solely in the odd-lot business. As a result, the round-lot transactions of specialists in stocks in which they are registered are not directly comparable on the two exchanges.

The number of reports in the various classifications may total more than the number of reports received because a single report may carry entries in more than one classification.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)
Week Ended Sept. 13, 1941

	Total For Week	Per Cent of A
A. Total Round-Lot Sales		
Short sales	101,170	
Other sales b	3,563,780	
Total sales	3,664,950	
B. Round-Lot Transactions for the Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	301,320	
Short sales	50,130	
Other sales b	247,430	8.17
Total sales	297,560	
2. Other transactions initiated on the floor		
Total purchases	227,870	
Short sales	17,600	
Other sales b	208,450	6.19
Total sales	226,050	
3. Other transactions initiated off the floor		
Total purchases	114,780	
Short sales	11,680	
Other sales b	113,725	3.28
Total sales	125,405	
4. Total		
Total purchases	643,970	
Short sales	79,410	
Other sales b	569,605	17.64
Total sales	649,015	

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)
Week Ended Sept. 13, 1941

	Total For Week	Per Cent of A
A. Total Round-Lot Sales		
Short sales	10,595	
Other sales b	762,715	
Total sales	773,310	
B. Round-Lot Transactions for the Account of Members		
1. Transactions of specialists in stocks in which they are registered		
Total purchases	71,340	
Short sales	6,065	
Other sales b	81,240	10.26
Total sales	87,305	
2. Other transactions initiated on the floor		
Total purchases	20,900	
Short sales	2,500	
Other sales b	19,770	2.79
Total sales	22,270	
3. Other transactions initiated off the floor		
Total purchases	21,110	
Short sales	1,060	
Other sales b	33,555	3.60
Total sales	34,615	
4. Total		
Total purchases	113,350	
Short sales	9,625	
Other sales b	134,565	16.65
Total sales	144,190	
C. Odd-Lot Transactions for the Account of Specialists		
Customers' short sales	0	
Customers' other sales c	49,273	
Total purchases	49,273	
Total sales	31,374	

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* The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

a Shares in members' transactions as per cent of twice total round-lot volume. In calculating these percentages, the total of members' transactions is compared with twice the total round-lot volume on the Exchange for the reason that the total of members' transactions includes both purchases and sales, while the Exchange volume includes only sales.

b Round-lot short sales which are exempted from restriction by the Commission rules are included with "other sales."

c Sales marked "short exempt" are included with "other sales."

Fertilizer Association Commodity Price Index Declines Further from September 13 Peak

The weekly wholesale commodity price index compiled by The National Fertilizer Association was slightly lower again last week. This index in the week ended September 27, 1941, dropped to 116.5 from 116.7 in the preceding week. Two weeks ago the index was 116.8, the highest point recorded since the spring of 1930, and a year ago it was 96.7, based on the 1935-1939 average as 100. An announcement issued by the Association Sept. 29 went on to say:

> A sharp drop in farm product prices more than offset industrial commodity price rises, causing a fractional dip in the all-commodity index last week. The only items to advance in the farm products group were wheat at Kansas City and raw wool, all other grain prices and cotton and most livestock prices declined, the net result being the largest decline registered by the farm product index this year. The textile average turned downward as raw cotton more than offset price increases in raw wool and woolen yarn. Lower quotations for cottonseed meal and cattle feed were responsible for a decline in the miscellaneous commodity index. The food price average was somewhat higher, with 12 items included in the group advancing and only 5 declining. The building material index also was higher, with an upturn in southern pine sufficient to more than offset a decline in linseed oil. The fertilizer material price index rose fractionally.
>
> During the week 21 price series included in the index declined and 17 advanced; in the preceding week there were 21 declines and 37 advances; in the second preceding week there were 6 declines and 40 advances.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	GROUP	Latest Week Sep. 27 1941	Preceeding Week Sep. 20 1941	Month Ago Aug. 23 1941	Year Ago Sep. 28 1940
25.3	Foods	113.9	113.2	111.2	90.1
	Fats and Oils	129.2	129.3	119.0	64.6
	Cottonseed Oil	155.0	157.9	139.0	61.7
23.0	Farm Products	117.9	120.5	116.6	85.5
	Cotton	157.1	165.2	152.6	88.6
	Grains	108.1	110.0	103.3	81.6
	Livestock	112.5	114.3	112.9	84.8
17.3	Fuels	110.8	110.8	111.3	101.6
10.8	Miscellaneous Commodities	125.7	126.3	122.7	108.8
8.2	Textiles	138.4	139.5	136.4	102.4
7.1	Metals	103.8	103.8	103.8	102.8
6.1	Building Materials	127.6	123.5	120.5	109.3
1.3	Chemicals and Drugs	107.6	107.6	106.3	103.7
.3	Fertilizer Materials	114.3	114.2	112.7	101.7
.3	Fertilizers	107.1	107.1	107.1	103.0
.3	Farm Machinery	99.7	99.7	99.3	99.3
100.0	All Groups Combined	116.5	116.7	114.7	96.7

* Base period changed January 4 from 1926-1928 average to 1935-1939 average as 100. Indexes on 1926-1928 base were: Sept. 27, 1941, 90.8; Sept. 20. 1941, 90.9; Sept. 28, 1940, 75.3.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Asociation, Chicago, Ill. in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
1940—*Month of*—					
January	528,155	579,739	167,240	72	71
February	420,639	453,518	137,631	70	71
March	429,334	449,221	129,466	69	70
April	520,907	456,942	193,411	70	70
May	682,490	624,184	247,644	76	72
June	508,005	509,781	236,693	79	73
July	544,221	587,339	196,037	72	73
August	452,613	487,127	162,653	74	73
September	468,870	470,228	163,769	72	73
October	670,473	648,611	184,002	79	73
November	488,990	509,945	161,985	77	73
December	464,537	479,099	151,729	71	73
1941—*Month of*—					
January	673,446	629,863	202,417	75	--
February	608,521	548,579	261,650	81	--
March	652,128	571,050	337,022	82	--
April	857,732	726,460	447,525	83	--
May	656,437	602,323	488,993	84	--
June	634,684	608,995	509,231	88	--
July	509,231	807,440	737,420	86	--
August	659,722	649,031	576,529	94	--
Week Ended **1941**—					
May 3	165,583	147,188	447,525	83	80
May 10	170,436	148,381	466,064	84	80
May 17	161,295	149,884	472,782	84	80
May 24	168,875	152,410	489,915	85	81
May 31	155,831	151,648	488,993	84	81
June 7	156,188	144,481	500,252	84	81
June 14	158,821	156,439	504,786	88	81
June 21	168,561	153,364	518,755	88	82
June 28	151,114	154,711	509,231	90	82
July 5	149,197	129,019	529,633	74	82
July 12	147,365	131,531	542,738	77	82
July 19	168,431	156,989	550,902	92	81
July 26	182,603	160,609	572,532	92	82
Aug. 2	159,844	159,272	572,635	93	83
Aug. 9	174,815	159,894	587,498	91	83
Aug. 16	169,472	162,889	592,840	92	83
Aug. 23	158,403	162,964	584,484	94	83
Aug. 30	157,032	163,284	576,529	97	84
Sept. 6	147,086	133,031	591,414	80	84
Sept. 13	164,057	166,781	589,770	98	84
Sept. 20	176,263	166,797	583,716	99	84

Note—Unfilled orders of the prior week plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders.

Foreign Front

(Continued from Page 409.)

lack of airpower. The Anglo-German war as a whole, however, continued to consist largely of British aerial attacks upon numerous ports and cities within the Reich, and upon various strategic points of the invasion coast. Berlin asserted late last week that a British convoy of 12 vessels had been attacked and 11 of the ships sunk. London dismissed such claims lightly as "German fantasy," but survivors soon began to arrive at Lisbon, indicating that the sinkings occurred off Africa. In the Churchill report the British sinkings of Axis merchant ships in somewhat less than three months were placed at one and one-half times the losses of April, May and June.

European Stirrings

Far and wide in conquered Europe and in the few remaining neutral countries trouble now is stirring for the Germans and their Italian associates, the movements in some areas attaining levels that promise to be of considerable importance as a war factor. The approach of winter and its privations undoubtedly is aiding the unrest to spread. More important still is the German necessity for flinging vast armies into the struggle with Russia and the consequent dwindling of the armies of occupation. The Communists are said to be fostering such developments through their underground organizations, and both Britain and the United States likewise have taken skillful steps to foster the spirit of revolt.

Within the last few days the Moravia-Bohemia Protectorate portion of former Czechoslovakia has been added to the list of countries that are rising against their conquerors and despoilers. In Southeastern Europe the Serbians have rebelled so effectively that large Italian contingents were added to those already on the scene, and some reports suggest extensive German aid to the Italians in putting down the disturbances. At the other end of the vast arc of Europe which the Nazis are holding with increasing difficulty the Norwegians are developing "passive resistance" into an art. France continues to seeth and the Low Countries also are contributing to the troubles of the invaders.

Nine governments-in-exile met in London last week and, together with Russian representatives, pledged full allegiance to the eight-point Atlantic declaration issued in August by President Roosevelt and Prime Minister Winston Churchill. This action by the London spokesmen for the various regimes apparently heightened the anti-Nazi movement. The nine regimes which now make London their headquarters are those of Belgium, Free France, Czechoslovakia, Greece, Luxemburg, the Netherlands, Norway, Poland and Yugoslavia. Agreement also was reached for establishing a pool of foodstuffs and raw materials, to be utilized at the end of the war for the immediate rehabilitation of Europe.

Much of the news regarding the growing spirit of revolt comes from Berlin, which is an aspect of the matter that has not yet been adequately explained. The rigid control of communications by the Nazis might not suffice to keep all reports of the developments from reaching the outside world, but no real attempt to suppress the news of the revolts appears to be in progress, in any case. The Germans possibly view the revolts as a matter of course.

Agitation against the conquering forces in occupied France is said to be lively and continuous,

(Continued on Page 413)

World Prices Steady

General Motors Corp. and Cornell University, which prior to the European war had collaborated in the publication of a world commodity price index, have resumed issuance of international price statistics, but on a different basis than before the war. Instead of a composite index of world prices, these organizations now are publishing the information only as individual country indexes.

The index is built upon 40 basic commodities and the list is the same for each country in so far as possible. Each commodity is weighted uniformly for each country, according to its relative importance in *world* production. The actual price data are collected weekly by General Motors overseas operations from sources described as "the most responsible agencies available in each country, usually a government department." The commodities involved include "a comprehensive list of several groups, including grains, livestock and livestock products, miscellaneous foods (coffee, cocoa, tea, sugar, &c.), textiles, fuels, metals and a list of other miscellaneous materials (rubber, hides, lumber, newsprint, linseed oil, &c.)." Weights assigned in the index to the different commodity groups are as follows: Grains, 20; livestock and livestock products, 19; vegetable fats and other foods, 9; textiles, 12; fuel, 11; metals, 11; miscellaneous, 18.

The indexes, which are based on prices expressed in the currency of each country, were reported Sept. 29 as follows:

(August, 1939=100)

	Argentina	*Australia*	*Canada*	*England*	*Java*	*Mexico*	*New Zeal'd*	*Sweden*	*Switzerland*	*United States*
1940—										
May	120	118	120	143	116	113	112	131	132	112
June	118	118	120	144	116	113	114	131	136	109
July	118	118	120	145	115	112	114	132	140	109
August	118	119	120	150	115	111	120	132	144	109
September	116	120	121	145	116	110	122	135	153	111
October	113	123	122	145	117	110	120	139	158	114
November	113	125	124	146	118	111	118	142	164	118
December	113	126	126	149	120	111	119	144	168	118
1941—										
January	114	127	126	150	r120	111	119	144	r172	120
February	114	126	127	150	121	113	119	147	171	120
March	119	122	129	150	123	114	119	154	176	122
April	121	121	131	150	125	115	119	156	180	125
May	126	120	134	r152	129	117	120	156	189	129
June	133	121	137	155	131	119	121	155	193	132
July	r135	r121	r141	r156	r136	r125	r122	r155	194	r136
August	138	121	143	157	138	127	123	156	---	138
1941—										
Weeks end.:										
Aug. 2	r135	120	142	157	138	r127	123	156	194	137
Aug. 9	r135	120	142	r157	137	r126	123	156	*194	r138
Aug. 16	137	120	142	r157	138	127	123	156	---	137
Aug. 23	138	r121	143	157	139	128	123	156	---	139
Aug. 30	138	121	143	*154	138	127	123	156	---	140
Sept. 6	138	122	144	*155	138	128	123	156	---	141
Sept. 13	138	122	146	*156	137	130	123	156	---	144
Sept. 20	139	122	146	*156	137	131	123	156	---	144

* Preliminary. r Revised

Lumber Movement for Week Ended Sept. 20

Lumber production during the week ended Sept. 20, 1941, was 4% less than the previous week; shipments were 4% greater; new business 9% greater, according to reports to the National Lumber Manufacturers Association from regional associations covering the operations of representative hardwood and softwood mills. Shipments were 4% above production; new orders 3% below production. Compared with the corresponding week of 1940, production was 7% greater, shipments 2% less, and new business 10% less. The industry stood at 121% of the average of production in the corresponding week of 1935-39 and 130% of average 1935-39 shipments in the same week.

Year-to-date Comparisons

Reported production for the 38 weeks of 1941 to date was 13% above corresponding weeks of 1940; shipments were 15% above the shipments and new orders were 11% above the orders of the 1940 period. For the 38 weeks of 1941 to date, new business was 7% above production, and shipments were 6% above production.

Supply and Demand Comparisons

The ratio of unfilled orders to gross stocks was 38% on Sept. 20, 1941, compared with 31% a year ago. Unfilled orders were 3% greater than a year ago; gross stocks were 15% less.

Softwoods and Hardwoods

Record for the current week ended Sept. 20, 1941, for the corresponding week a year ago, and for the previous week, follows in thousand board feet:

	Softwoods and Hardwoods		
	1941 Week	1940 Week	1941 Prev. Wk. (Rev.)
Mills	463	463	468
Production	281,860	263,986	292,096
Shipments	294,244	300,277	282,960
Orders	273,154	304,081	250,760

	Softwoods 1941 Week	Hardwoods 1941 Week
Mills	389	86
Production	271,555—100%	10,305—100%
Shipments	282,824—104	11,420—111
Orders	264,189— 97	8,965— 87

Canadian Harvesting Delayed by Weather

Unsettled weather has prevailed throughout the Prairie Provinces of Canada and harvesting has made poor progress, with the greatest delays in Manitoba, according to the Sept. 18 Canadian crop report of the Bank of Montreal, which states:

Wheat cutting is nearing completion and threshing is estimated to be 55% finished. Harvesting of coarse grains is slightly behind wheat operations. Wheat deliveries by farmers since Aug. 1 are only about one-half of those of the corresponding period a year ago. Early threshed wheat has graded satisfactorily, but wet weather over large areas has substantially lowered grades of later threshed wheat and wheat still in the stock. The protein content is high. The Dominion Bureau of Statistics estimates wheat production in the Prairie Provinces at 286,000,000 bushels, compared with 525,000,000 bushels in 1940.

In the Province of Quebec harvesting of an average crop of good quality grains is practically completed and threshing is well under way. In Ontario good crops of corn, sugar beets and tobacco are reported. Ploughing and seeding of fall wheat are proceeding under favorable conditions. In the Maritime Provinces grain crops are slow in ripening, but heads are well filled and satisfactory returns are expected. In British Columbia less than average yields are forecast for grains.

New Coordinators

Secretary of the Treasury Morgenthau, on Sept. 29 appointed, for the twelve months beginning Oct. 1, District Coordinators and Assistant District Coordinators for 15 districts in continental United States and for the San Juan and Honolulu districts.

President Requests Further $5,985,000,000 For Lend-Lease Program to Maintain Flow

President Roosevelt asked Congress on Sept. 18 for an additional $5,985,000 for the lease-lend program in order that there be "no interruption in the flow of aid to those countries whose defense is vital to our own." In a letter to Speaker of the House Rayburn, the President recommended "speedy enactment" of the request. He also explained that of the $7,000,000,000 appropriated for the program six months ago, "aid in the amount of $6,280,000,000 is now moving through the successive stages of allocation, obligation, production and delivery."

Accompanying the President's letter was a proposed appropriation measure, prepared by Harold D. Smith, Director of the Budget, showing a breakdown of the $5,985,000,000 estimate. The largest single item was $1,875,000,000 for "agricultural, industrial and other commodities and articles," while the second largest was $1,190,000,000 for ordnance and ordnance stores, including armor and ammunition, with $850,000,000 for vessels and $685,000,000 for aircraft next in order. These funds would remain available until June 30, 1943.

The President's second report to Congress under the lend-lease act, indicating the "increasing amount of material aid we are rendering to the democracies," is given elsewhere in these columns today.

The following is the text of President Roosevelt's lease-lend letter to Speaker Rayburn and the text of the Budget Director Smith's letter on the same subject:

The Speaker of the
House of Representatives.

Sir:

I have transmitted to the Congress the second report of operations under the lease-lend act. This report indicates the increasing amount of material aid we are rendering to the democracies.

Of the $7,000,000,000 appropriated six months ago, aid in the amount of $6,280,000,000 is now moving through the successive stages of allocation, obligation, production and delivery. Additional funds are now needed in order that there be no interruption in the flow of aid to those countries whose defense is vital to our own.

I am, therefore, transmitting a supplemental estimate of appropriation in the amount of $5,985,000,000, details of which are set forth in the accompanying letter from the Director of the Bureau of the Budget. I recommend its speedy enactment.

Respectfully,
(Signed)
FRANKLIN D. ROOSEVELT.

Budget Director Harold E. Smith's letter dated Sept. 13, follows:

Sir:

I have the honor to submit for your consideration a supplemental estimate of appropriation to carry out the provisions of the act entitled "An act to promote the defense of the United States," approved March 11, 1941, in the amount of $5,985,000,000, as follows:

To enable the President, through such departments or agencies of the Government as he may designate, further to carry out the provisions of an act to promote the defense of the United States, approved March 11, 1941, and for each and every purpose incident to or necessary therefor, there are hereby appropriated, out of any money in the Treasury not otherwise appropriated, in addition to the sums appropriated by the "defense aid supplemental appropriation act, 1941," the following sums for the following respective purposes, namely:

(a) For the procurement by manufacture or otherwise, of defense articles, information and services, for the Government of any country whose defense the President deems vital to the defense of the United States, and the disposition thereof, including all necessary expenses in connection therewith, as follows:

(1) Ordnance and ordnance stores, supplies, spare parts, and materials, including armor and ammunition and components thereof ____$1,190,000,000

(2) Aircraft and aeronautical materials, including engines, spare parts and accessories, $685,000,000

(3) Tanks, armored cars, automobiles, trucks and other automotive vehicles, spare parts, and accessories____$385,000,000

(4) Vessels, ships, boats and other water-craft, including the hire or other temporary use thereof, and equipage, supplies materials, spare parts and accessories ____$850,000,000

(5) Miscellaneous military and naval equipment, supplies and materials ____$155,000,000

(6) Facilities and equipment for the manufacture, production or operation of defense articles and for otherwise carrying out the purposes of the act of March 11, 1941, including the acquisition of land, and the maintenance and operation of such facilities and equipment, $375,000,000

(7) Agricultural, industrial and other commodities and articles ____$1,875,000,000

(b) For testing, inspecting, proving, repairing, outfitting, reconditioning, or otherwise placing in good working order any defense articles for the government of any country whose defense the President deems vital to the defense of the United States, including services and expenses in connection therewith ____$175,000,000

(c) For necessary services and expenses for carrying out the purposes of the act of March 11, 1941, not specifid or included in the foregoing____$285,000,000

(d) For administrative expenses ____$10,000,000

(e) In all, $5,985,000,000, to remain available until June 30, 1943.

(f) Each of the foregoing appropriations shall be additional to, and consolidated with the appropriation for the same purpose contained in Sections 1(A) 1(B), 1(D) and 1(E), respectively, of the "defense aid supplemental appropriation act, 1941"; provided, that, with the exception of the appropriation for administrative expenses, not to exceed 20% of any such consolidated appropriations may be transferred by the President to any other of such consolidated appropriations, but no such consolidated appropriation shall be increased more than 30% thereby.

Section 2. The President may from time to time, when he deems it in the interest of national defense, authorize the head of any department or agency of the Government, to enter into contracts for the procurement of defense articles, information or services for the Government of any country whose defense the President deems vital to the defense of the United States, to the extent that such government agrees to pay the United States for such defense articles, information or services prior to the receipt thereof and to make such payments from time to time as the President may require to protect the interests of the United States; and, upon payment of the full cost, the President may dispose of such articles, information or services to such government.

Section 3. Any defense article procured pursuant to this act shall be retained by or transferred to and for the use of such department or agency of the United States as the President may determine, in lieu of being disposed of to a foreign government, whenever in the judgment of the President the defense of the United States will be best served thereby.

Section 4. No part of any appropriation contained in this act shall be used to pay the salary or wages of any person who advocates, or who is a member of an organization that advocates the overthrow of the Government of the United States by force or violence; provided, that for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit does not advocate, and is not a member of an organization that advocates the overthrow of the Government of the United States by force or violence: provided further, that any person who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation in this act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than one year, or both: provided further, that the above penalty clause shall be in addition to, and not in substitution for, any other provisions of existing law.

Section 5. This act may be cited as "Title II of the defense aid supplemental appropriation act, 1941."

(Recommended that the estimate be transmitted to Congress.)

Very respectfully,
(Signed)
HAROLD D. SMITH,
Director of the Bureau of the Budget.

Following a conference on Sept. 22 between President Roosevelt and Democratic Congressional leaders, it was agreed that the lend-lease request would be given the speediest possible consideration. It was also decided that a deficiency bill carrying about $100,000,000 in defense items would be incorporated in the measure.

A House Appropriations subcommittee on Sept. 23 opened hearings on the legislation. Testifying before the group Secretary of Agriculture Wickard said that $1,000,000,000 in foodstuffs must be sent to Great Britain within the next five months. "This is the very lowest esimate of funds needed for the commodities the department has promised to supply Britain," Mr. Wickard said, adding "it includes purchases made and commitments entered into to Feb. 28, 1942."

Earlier the same day, Edward R. Stettinus, Jr., Lend-Lease Administrator, urged the committee to reject any prohibitions which would bar aid to Russia, even though the Administration plans to aid Russia through measures other than the lend-lease program.

Association of Stock Exchange Firms Plans To Reorganize Into Naitonal Trade Body

The Association of Stock Exchange Firms announced on Sept. 22 a plan for reorganization of the Association into an active national trade body with the view to enlarging the usefulness of the organization to the public to the Exchange community and to the securities industry generally. The program, which had been approved by the Association's Board of Governors on Sept. 17, has been transmitted, together with a letter from Emil Schram, President of the New York Stock Exchange, to all members of the Exchange and to all partners of Stock Exchange firms. The proposed reorganization will be voted upon by the members of the Association at a special meeting to be held on Oct. 7.

The Association's plan for expansion of its activities and services will be pointed in two directions: (1) a program devoted to the internal interests of the industry and (2) a campaign of public information.

Insofar as internal activities are concerned, the board objectives include promotion of cooperation among members for improved production, to provide expert legal advice on mutual problems by retailing as counsel to the association legal advisers specializing in security matters, to assemble and disseminate information of value to members, to improve merchandising technic of members desiring such assistance, to publish a copyrighted bulletin service as a means of keeping members informed as to interesting developments and to seek a reduction in the number of, and a simplification of, forms and reports required by regulatory bodies.

The external activities, to be undertaken jointly by the Exchange and the Association, are briefly summarized as follows:

(1) To increase the public's interest in listed securities.

(2) To demonstrate the advantages of doing business with member firms of the New York Stock Exchange.

(3) To enlarge the public's understanding of the New York Stock Exchange as an essential business institution.

(4) To make known the Stock Exchange's vital role in accelerating the flow of capital into constructive, job-creating investment.

The following definite activities are contemplated by the Association:

(1) Wider use of advertising and other sound informational media.

(2) Cooperation among member firms in the maintenance of advertising standards and in encouraging the legitimate and productive use of advertising.

(3) Continuous and intensive educational work by members of the New York Stock Exchange community, including partners and employees, in all sections of the country. Such educational work will be conducted by means of public addresses before interested business, civic, women's and educational organizations, and over the radio.

(4) The production of a motion picture of high educational and entertainment value. This picture would be produced for theatrical as well as non-theatrical distribution. Copies would be made available to local groups of the Association in various parts of the country to be used in connection with their public speaking activities as well as their general educational work.

(5) Active sponsorship of "THE EXCHANGE" magazine, with the publication to be continued by the Stock Exchange.

(6) The production of a variety of literature for distribution to member firms, banks, business organizations, schools, libraries, etc.

(7) Cooperation with public officials and agencies, national, state and local, in endeavoring to eliminate the sale of questionable securities and in exposing fraud and deceit in the sale of securities.

(8) Expertly directed campaigns for tax relief, city, state and Federal, with special emphasis upon the stock transfer tax and the national capital gains tax.

(9) Appearance before legislative committees, government agencies and other bodies with respect to matters that affect our industry and the investing public.

(10) The fostering of harmonious relations between the New York Stock Exchange and regional exchanges and other securities organizations.

The new program was undertaken by the Association at the suggestion of Mr. Schram, who in a speech delivered on June 25 said that the Association, properly organized and financed for such purpose, "could become the strong right arm of the Exchange."

In his letter to Stock Exchange members, Mr. Schram said that support of such a program "will augur well for the future of our business" and urged members and member firms to join the new Association. His letter said, in part:

> The proposed reorganization and the program of enlarged activity are soundly conceived. The Association is to have a genuine national character with definite, attainable objectives. The plans which have been outlined are well calculated to extend the public usefulness of our industry and, at the same time, to create a wider demand for the services of the Exchange, its members and member firms.
>
> The Association has wisely provided for a gradual development of its program. In other words, the community's support of the contemplated work is to be conditioned upon accomplishment and performance.

The program mapped out for the first year of the reorganized Association is an ambitious one. The activities planned for this period are summarized in the accompanying memorandum of the Association's Board of Governors and the tentative plans for the further expansion of the Association's work are also commented upon. This prospectus deserves careful reading.

It is estimated that to carry out the reorganization and first year's activity will require a budget of $100,000. To raise this amount it is proposed that the annual dues be revised to the following schedule: Individual members not belonging to firms, $10; specialist firms not doing business with the public, $10 for each general or special partner; out of town member firms, $125 plus $10 for each partner; New York non-clearing firms, $75 plus $10 for each general or special partner; New York clearing firms, $200, plus $10 for each general or special partner and for each branch office maintained by a member firm $10. In order to provide the Association with an income of $100,000 during the first year, it would be necessary to enroll as members approximately all the present members and member firms of the Stock Exchange. The Exchange has over 1,300 members and more than 2,000 allied members with more than 7,000 registered representatives and 900 branch office managers in 359 cities located in 44 States.

In order to accomplish the transition from the old management of the Association to its new form, it is proposed that at the special meeting to be held on Oct. 7 members will vote upon the reorganization plan and constitutional changes adopted by the present Board of Governors. It is further proposed that the present Board tender their resignations on Oct. 7 to become effective on Nov. 17 and that a new Nominating Committee be appointed.

The report sent to members suggests that to expedite the reorganization and to insure the necessary diversity of representation the new Nominating Committee be composed of John L. Clark of Abbott, Proctor & Paine, New York; Russell E. Gardiner, Jr., Reinholdt & Gardener, St. Louis; Elton Parks, Dominick & Dominick, New York; Richard Pigeon, Estabrook & Co., Boston; and Robert L. Stott, Wagner, Stott & Co., New York, and Chairman of the Board of the New York Stock Exchange.

The new Nominating Committee under the plan will present its slate for Governors and the succeeding Nominating Committee on Nov. 7 and on Nov. 17 the election of new Governors and Nominating Committee will take place.

RFC To Buy $100,000,000 Worth of Russian Minerals; Proceeds For War Purchases in U. S.

Federal Loan Administrator Jesse Jones revealed on Sept. 17 that, at the request of President Roosevelt, the Defense Supplies Corporation, a subsidiary of the Reconstruction Finance Corporation, has contracted to buy $100,000,000 worth of manganese, chromite, asbestos and platinum from Russia. An advance payment of up to $50,000,000 will be made to the Amtorg Trading Corporation, an American corporation controlled by Russian interests, to be used by Russia in paying for war materials purchased in this country. The first $10,000,000 of this fund, Mr. Jones said, has been made available to Amtorg as of Sept. 17 and the remainder will be advanced when needed. These advances are made against the purchase price of the "critical and strategic materials" which are to be delivered as rapidly as possible. Mr. Jones emphasized that the $50,000,000 advance is not a loan and declared that the other $50,000,000 will be disbursed as the materials are delivered in the United States.

In his letter to Mr. Jones requesting the arrangement, the President pointed out that Russia needs dollar exchange for war supply purchases in the United States and that this country needs materials produced in Russia "to expedite our own national defense program."

The President's letter, dated Sept. 12, was made public by Mr. Jones, as follows:

> Dear Mr. Administrator—
>
> The Russian Government needs dollar exchange with which to buy war supplies in the United States; we need many critical and strategic materials produced in Russia, some of which we normally import from that country.
>
> To assist the Russian Government in paying for war supplies which it wants to buy in the United States, and which it can get in limited quantities, and to expedite our own national defense program, I would like you to arrange through the Reconstruction Finance Corporation, or one of its subsidiaries, for the purchase from Amtorg Trading Corporation, a United States corporation owned by Russian interests, of manganese, chromite, asbestos, platinum and other articles and materials which we usually import from Russia, up to the value of $100,000,000, for delivery as rapidly as possible, with proper allowance for dislocation of transportation and of their productive facilities, and that advances up to $50,000,000 be made against the purchase price of these critical and strategic materials, to be used by Russia in paying for purchases in this country.
>
> Sincerely yours,
> FRANKLIN D. ROOSEVELT.

The total of funds already advanced to Russia by the United States to finance its purchases in the United States was increased to $20,000,000 on Sept. 18 when it was disclosed by Secretary of the Treasury Morgenthau that the Treasury on Aug. 15 had granted an advance of $10,000,000 against future deliveries of gold from the Soviet Union. Mr. Morgenthau said that the $10,000,000 advance, made by agreement with Constantine A. Oumansky, the Soviet Ambassador with the approval of the State Department, was to be paid back by delivery of an equivalent amount of gold within 90 days. Associated Press advices of Sept. 18 reported the following:

> The Secretary said no further requests for Russian aid had come to the Treasury and he could not predict what action would be taken on any future request because, "you know, the Treasury is on a day to day policy."
>
> Asked whether Russian credit was good, Mr. Morgenthau said, "They have met every bill in this country since I have been Secretary." He added:
>
> "They said they wanted the money to pay American manufacturers and I gave them the money because we always want to see that the American manufacturer gets his money."
>
> The money, he said, was disbursed through the Amtorg Trading Corporation, a Russian-owned corporation in this country.
>
> The Secretary said he did not know whether any of the Russian gold had arrived yet, and Commerce Department statistics showed no gold received from Russia since the week ended August 13. Receipts that week were $3,407,285. That shipment, incidentally, was the first one from Russia in over a year.

Petroleum And Its Products

(Continued from Page 406)

the Atlantic Seaboard 75,000 barrels of oil per day, although the general rate reductions have been in effect only 10 days. Railroads and oil companies are completing arrangements for a further substantial movement to the Eastern Seaboard. So far as I know, the oil companies which are now moving and propose to move the oil are having no difficulty in getting tank cars."

In the report made to Mr. Ickes, Mr. Jones pointed out that "there is a wide discrepancy between this factual inventory of cars and the statements which have appeared in the press recently, which have left the impression that there are 20,000 idle tank cars now standing ready to be placed in service for the transportation of oil to District 1, which has felt most acutely the effects of the diversion of tanker transportation to the shuttle service." It was also disclosed in the Jones report that since it did not include the location of the surplus cars, further expansion of the survey was under way to determine this information.

Pennsylvania grade crude oil producers were told in Washington on September 26 by Leon Henderson, head of the OPA, that they would be allowed to increase prices if they present sufficiently conclusive evidence that such a step is warranted. The producers, who were protesting a price-cut and price-ceiling order by the OPM, argued at the hearing the proposed price advances would not be inflationary but would permit high production without higher final costs to consumers. The Office of Price Administration, then the OPACS, disapproved August 23 a new price schedule for Pennsylvania grade crude oil which lifted prices 23 to 25 cents a barrel.

Daily average crude oil production fell off 14,200 barrels from its record high of the previous week in the September 27 period, but despite the decline, the total of 4,050,000 barrels was more than 100,000 above the Bureau of Mines' estimate of September market demand. The American Petroleum Institute report showed that lower production in California, Oklahoma and Texas offset higher totals for other states. Inventories of domestic and foreign crude were up 336,000 barrels during the week ended September 20, rising to 246,500,000 barrels, the Bureau of Mines reported. American oil stocks were up 323,000 barrels, and foreign holdings up 13,000 barrels.

There were no crude oil price changes during the week.

Refined Products

Expansion of aviation gasoline refining facilities in the United States to cope with the increased demand resulting from the heavy shipments to Great Britain and Russia as well as defense needs for the American Army and Navy is planned by the Government, with the schedule calling for an increase of more than 200 per cent in refining capacity in the high octane aviation motor fuel field, it was disclosed by Oil Coordinator Ickes in Washington last Saturday.

Tentative plans call for the construction of 50 new refining plants, capable of producing upon completion a daily average supply of 120,000 barrels of aviation gasoline, at an estimated cost of $150,000,000. Arrangements for the financing of the construction of the new plants is under the direction of Federal Loan Administrator Jesse Jones and a flexible program has been agreed upon under which the government may build and lease plants to private interests, make loans to private industry to build new facilities or to carry out any arrangement to accomplish the task.

With the release of the news concerning the plans to expand the nation's aviation motor fuel refining capacities, Mr. Ickes also made public the results of a survey of Atlantic Coast service station operators which disclosed that an overwhelming majority of the operators favored continuation of the nightly closing station program. The survey was conducted by the Oil Industry Marketing Committee for the East Coast and disclosed a majority of better than 8 to 1 in favor of continuing the night closings for service stations.

A seasonal gain in stocks of finished, unfinished and aviation motor fuel developed during the September 27 period which saw total holdings of gasoline rise 804,000 barrels to 81,003,000 barrels, the mid-week report of the American Petroleum Institute disclosed. The gain in stocks of motor fuel was more noteworthy since it occurred in the face of a drop of 818,000 barrels in produc-

(Continued on Page 413)

Items About Banks, Trust Companies

The Dime Savings Bank of Brooklyn, fifth largest savings bank in the country, has applied to the New York State Superintendent of Banks for permission to establish a department for over-the-counter sale of savings bank life insurance, it is announced by Philip A. Benson, President of the bank. Mr. Benson's announcement also stated that work is now in progress on a five-story and basement addition to the bank's main office building on Fulton Street at DeKalb Avenue, Brooklyn. The new section of the bank's headquarters will front on Flatbush Avenue Extension and will be ready for occupancy next Spring. This provision of additional space has been made necessary to accommodate departments that are steadily expanding with the growth of the institution and its many services to which will now be added that of savings bank life insurance.

New York State Superintendent of Banks William R. White issued on Sept. 26 a call for reports from State banks, trust companies, industrial banks and private bankers, as of the close of business on Sept. 24, 1941.

J. P. Morgan & Co. Incorporated, New York, in its statement of condition as of Sept. 30, 1941, reports total resources of $777,171,834 and total deposits of $722,385,613, compared with $756,366,382 and $701,288,839 on June 30, 1941. According to the latest statement, cash on hand and on deposit in banks totaled $245,095,257, against $238,982,056 three months ago; United States Government securities (direct and fully guaranteed), at the latest date are shown as $380,409,936, compared with $382,333,416; State and municipal bonds and notes are now $46,232,467, against $45,705,341, and loans and bills purchased at $62,095,987, compared with $47,980,108 on June 30. The capital and surplus are unchanged from the previous quarter at $20,000,000 each, while the latest statement shows undivided profits of $1,028,655, compared with $1,011,972 on June 30.

The First National Bank of the City of New York, in its statement of condition at the close of business Sept. 30, 1941, shows total resources of $1,002,044,178, and total deposits of $878,029,755, compared with $965,329,627, and $840,228,722, respectively, on June 30 last. Cash and due from Federal Reserve Bank and other banks, including exchanges, are given as $289,595,302 in the latest statement, against $292,394,398 on the earlier date; holdings of United States obligations, $491,379,742, compared with $475,973,005; and loans and discounts of $52,345,262, against $42,966,813. Capital and surplus remain unchanged at $10,000,000 and $100,000,000, respectively. Undivided profits in the current statement are shown at $9,277,965, after making provision for the Oct. 1 dividend of $2,500,000, as compared with $9,849,381 on June 30, after providing for the July 1 dividend of $2,500,000.

According to the Sept. 30, 1941 statement of condition of the Public National Bank & Trust Co. of New York, total resources on that date amounted to $201,618,905 while deposits are reported at $179,201,589, compared with $192,296,791 and $170,701,011, respectively, on June 30. Cash and due from banks in the current statement are given as $56,835,703, against $51,527,395; loans and discounts amount to $87,725,486, compared with $81,258,253, and United States Government obligations to $42,828,803, against $44,762,994. Capital and surplus were unchanged from three months ago at $7,000,000 each but undivided profits were $4,125,269 on Sept. 30 compared with $3,758,294 at the end of June. The dividend of $150,000 payable Oct. 1, shown in the current statement, is one of two quarterly dividends declared in May of this year. The bank reported earnings for the third quarter ended Sept. 30 of 91c per share, and for the first nine months of 1941 of $2.57.

The Philadelphia National Bank, Philadelphia, Pa., in its Sept. 30 statement of condition, shows total deposits of $712,584,387 and total resources of $767,603,231, compared with $641,682,042 and $696,838,254, respectively on June 30. In the current statement, cash and due from banks amounts to $416,002,494 (against $349,835,247); holdings of United States Government securities are now $185,852,865 (as compared with $180,358,134), and loans and discounts are $97,771,888 (against $100,515,200). No change has been made in capital stock which stands at $14,000,000 but surplus and net profits have increased to $31,500,171 from $31,089,053 at the end of June.

The Manufacturers National Bank of Detroit, in its statement of condition as of the close of business on Sept. 24, 1941, reports total assets of $207,742,512 and total deposits of $197,691,263, compared with $212,609,107 and $202,776,685, respectively, on June 30, 1941. The chief items comprisings the resources in the current statement are: cash, balances with other banks, including reserve balance, and cash items in process of collection, $96,736,935 (against $105,234,725); United States Government obligations, $63,481,102 (against $58,932,011); and loans and discounts, $36,437,428 (against $34,694,003). The bank's capital and surplus remain unchanged at $3,000,000 and $4,500,000, respectively, while undivided profits as of Sept. 24 are reported at $1,498,608, against $1,398,408 on June 30, 1941.

Exempt Fat & Oil Futures

The Office of Price Administration on Sept. 11, in clarifying its order for elimination of speculative practices in the fats and oils markets, exempted futures trading on the commodity exchanges from its restrictive provisions. Price Administrator Leon Henderson said his original order had not been intended to interfere with operations of the futures market, but he added that "if the activity in the futures market should reach a point where it creates an artificial influence on prices, action may then become necessary to limit such trading."

He also amended his price order to exempt futures contracts and purchase or sales by Federal departments or agencies from the 45-day limitation on deliveries under forward sales.

The original order (referred to in our issue of Aug. 30, page 1212) was issued by the OPA on Aug. 28 and on the following day (Aug. 29) futures trading in cottonseed oil and lard was suspended by some commodity exchanges. Following the OPA previous clarification (on Aug. 29), when it said that there is nothing in the schedule designed to prevent trading in futures contracts in fats and oils, futures trading on the Chicago Board of Trade was resumed on Aug. 30 and on the New York, Produce Exchange on Sept. 2.

Foreign Front

(Continued from Page 410)

with the Germans still resorting to the shooting of hostages as a means of putting down this opposition. A French court was set up in Paris to try offenders, and three French Communists were condemned and shot, last Saturday, by that tribunal. The Petain regime at Vichy, meanwhile, is continuing the effort to reach some sort of all-round agreement with the Nazis. There are elements in Belgium and Holland which are continuing implacably the struggle against the German forces.

Upon Norway the conquerors are laying a heavy hand, for reports direct from Oslo stated last Friday that orders had been issued for the surrender to the Nazis of all woolen blankets, payment to be made by the Reich on its own appraisal. This, possibly, is in part a reprisal for the sabotage and the "slow-work" movement of the Norwegians. From Stockholm came reports, Sunday, that Germany is halting all exports to Norway, and in view of the situation in which that Scandinavian country finds itself, this means a stoppage of all economic life.

Former Czechoslovakia was reported from Berlin, early this week, to be a scene of militant demonstrations against the Reich. In six important sections of that German "Protectorate" a state of emergency was declared. Among the prominent Czechs arrested was Gen. Alois Elias, former Premier. Reinhard Heydrich, one of the leaders of the German secret police, replaced Baron Konstantin von Neurath as the German administrator of the Protectorate.

Equally significant were indications of a widespread revolt among the Serbians in their native hills, which now are supposed to be policed almost entirely by the Fascist troops of Premier Benito Mussolini. Rome admitted a week ago that more than 500,000 Serbs still oppose the Axis regime in Croatia, while in the more difficult terrain to the south a number of centers of revolt were noted. The Italians reoccupied the Dalmatian coast in order to put down the disorders, and some dispatches stated that large squadrons of German dive-bombers were sent over the Serbian strongholds, which were bombed.

Japan Celebrates

Japanese authorities furnished renewed indications last Saturday of their intention to adhere to the pact with Germany and Italy signed just one year earlier by the Tokio regime. For the Far Eastern situation this is more profoundly significant than the reported exchanges between President Roosevelt and Premier Prince Fumimaro Konoye, which still are unpublished. Washington no longer seems to entertain much hope of a genuine improvement in diplomatic relations.

The Axis alliance may be unpopular in Japan, but the Government there nevertheless sponsored the only official celebration permitted of the signature of the Rome-Berlin arrangement. Vice Admiral Teijiro Toyoda, Japanese Foreign Minister, described the Axis alliance in a public address as the creation of a "new order" in the world. This declaration doubtless had the full support of the Japanese militarists, which suggests that a profound political overturn would be necessary for any real change in Japanese policy.

In the course of the celebration, every effort was made by Japanese spokesmen to avoid offense to the United States. The speakers declared that Great Britain is the enemy of Japan, which may signify an intention at Tokio to expand southward if and when the opportunity presents itself. But most informed circles still hold that Japan is playing a waiting game, with the full intention of attacking the Russians in Siberia, in the event of a sweeping German victory over the Communists in Europe.

The China incident continues, meanwhile, with fierce battles reported in and near Changsha, the capital of Hunan Province. The Japanese claim progress at Changsha, but the Chinese defenders merely say that the situation is serious. Costs of the protracted venture of the Japanese militarists in China were emphasized, last week, when the Cabinet found drastic budgetary economies necessary. No less than 1,323,000,000 yen of "non-defense" cost items were removed from the budget, which thus was reduced to 12,875,000,000 yen of ordinary expenditures. After war costs are added, the total Japanese budget is estimated at 21,500,000,000 yen for the current fiscal year, with the debt rising at the rate of about 1,000,000,000 yen monthly.

American Wage Earners Worked 7.4 Hours Less per Week in July 1941 Than in July 1929

The American wage earner, on the average, was working 7.4 hours less per week in July, 1941, than in July, 1929, according to comparable figures for 25 manufacturing industries compiled by The Conference Board. The Board reports that the average working time per week per wage earner in the 25 industries, which include several which are vital defense industries, was 41.0 hours per week in July as compared with 48.4 hours per week in July, 1929. It is pointed out that in none of the 25 industries, moreover, was the working time per wage earner as long as in 1929. Further details of the Board's study were given as follows on Sept. 27:

In the iron and steel industry, wage earners worked an average of 37.9 hours in July, 1941, as compared with 54.8 in July, 1929, a decrease of 16.9 hours per week. In the meat packing industry there was a decrease of 13.5 hours. In the automobile industry there was a decrease of 11.7 hours, although part of the decline is attributable to the fact that the seasonal low point in automobile production came earlier this year than in 1929. The silk industry worked 9.7 hours less per week in July, 1941, than in July, 1929, and the paint and varnish industry 8.6 hours less. Despite urgent demand for cotton goods, the northern cotton mills' average working time in July, 1941, was 40.2 hours per week, as compared with 48.5 hours in July, 1929, a decrease of 8.3 hours.

Decreases shown by the Board's figures for some of the other industries were as follows: Paper and pulp, 8.1 hours; printing (news and magazine), 7.7 hours; paper product, 7.4 hours; boots and shoes, 7.2 hours; chemicals, 7.2 hours; hosiery and knit goods, 7.2 hours; wool, 7.2 hours; agricultural implements, 6.6 hours; lumber and millwork, 6.5 hours; leather tanning and finishing, 6.3 hours; rubber, 6.2 hours; printing (book and job) 4.8 hours; and furniture, 4.2 hours.

The two industries on which national defense requirements have fallen most heavily, electrical equipment and foundries and machine shops, came closer to working 1929 hours than any of the others. In the electrical equipment industry the average hours per week per wage earner were 44.0 in July, 1941 as compared with 47.2 in July, 1929, a decrease of 3.2 hours. In foundries and machine shops there was a decrease of 3.5 hours, the average working time per wage earner having been 45.7 hours in July, 1941, as compared with 49.2 hours in July, 1929. In one of the most important defense subdivisions of the foundry and machine shop group, the machine and machine tool industry, the average hours per wage earner amounted to 49.4 in July, 1941, a decrease of only 0.7 hours from the average working time of 50.1 hours in July, 1929.

Average hours per week per wage earner were only 2.9 higher in July, 1941, than in July, 1940, when the defense program was just beginning. In July, 1941, the average for the 25 industries was 41.0 hours, as compared with 38.1 hours in July, 1940.

The greatest increases in working time were in the boot and shoe and woolen industries, which were just emerging from temporary slumps in July, 1940, leaving plenty of room for an increase of 5.0 hours by July, 1941. Otherwise the largest increases were in the automobile industry, where the average working time increased from 32.3 hours to 36.9 hours, in foundries and machine shops, where it increased from 41.1 to 45.7 hours, in the furniture industry, where it increased from 38.2 to 42.7 hours, in the rubber industry where it increased from 34.2 to 38.7 hours, and in the electrical equipment industry, where it increased from 40.3 to 44.0 hours.

In two industries the wage earners worked fewer hours per week than in July, 1940. In the meat packing industry the time per week was 38.9 hours, as compared with 40.8 in July, 1940; and in the lumber and millwork industry it was 38.5 hours, as compared with 39.7 hours in July, 1940.

Petroleum And Its Products

(Continued from Page 412)

tion of gasoline which fell off to 13,213,000 barrels during the week.

A fractional decline in refinery operations pared the total by 0.4 points, with refineries operating at 92.5 per cent of capacity. Daily average runs of crude oil to stills were off 15,000 barrels, dropping to 3,980,000 barrels. Inventories of residual fuel oils were up 246, while holdings of gas oil and distillate expanded 1,043,000 barrels.

The report compiled by Grover A. Whalen for Mayor La Guardia of New York City, covering the gasoline situation in the nation's largest city, will be mailed to the Mayors of all large cities throughout the country, it was disclosed at the Mayor's office. Mr. Whalen's report held that while there is a shortage of both gasoline and fuel oil in New York City, the condition can largely be corrected by conservation and prevention of waste.

Price changes in the refined petroleum products' field was confined for the most part to local readjustments and there were no movements in the basic price structure.

Sees Details Required of Investment Dealers As Entitling Him to Share in Profits

We are in receipt of a letter from Cleversley & Company, White Building, Buffalo, N. Y., setting forth the case of the investment dealer in the question of split commissions. The letter follows:

There has been under discussion for some time past, the matter of splitting commissions between the broker and the investment dealer on New York Stock Exchange transactions developed by investment dealers who are not members of the Stock Exchange.

In considering whether or not the Investment Dealer is entitled to share in the profit of the business that he originates, it might also be well to consider the work that he has to perform, in order properly to handle such transactions.

The enclosed detailed statement of the steps necessary may be of interest to your readers. The procedure of handling the sale of a security is almost identical.

We do not make any charge for handling the purchase or sale of securities listed on either the New York Stock Exchange or the New York Curb.

It would seem that in fairness to the Investment Dealer, he should receive some compensation for his services and out of pocket expenses on such transactions.

We trust that the above information may be helpful to the committee who are deciding this important matter and we wish to thank you for your efforts in the dealers behalf.

When an Investment Banker buys a security on the New York Stock Exchange or the New York Curb, these are a few details which are in order:

1 Order to buy received and entries made on the Blotter.

2 Order form indicating name of client, name of security, price of security and date must be made.

3 Phone broker noting time of call and name of employee taking order.

4 Broker phones Investment Banker indicating price paid.

5 Statement computed, figuring Commission, Taxes, Interest and Postage all to be rechecked.

6 Statement for client typed.

7 Envelope addressed and statement enclosed and mailed to client.

8 Clients check in payment of securities is received.

9 Bank deposit ticket made out.

10 Check deposited in bank by Messenger.

11 Debit ticket to Bank Account made for ledgers of Investment Banker.

12 Credit ticket to Accounts Receivable for ledgers of Investment Banker.

13 Check drawn to the order of the broker in payment of securities purchased.

14 Entries made in check book blotter.

15 Credit ticket to Bank Account for ledgers of Investment Banker.

16 Debit ticket to Accounts Receivable for ledger of Investment Banker.

17 Entries made in ledger of Investment Banker to various accounts.

18 Securities received from broker and receipts given.

19 Entries made on Brokers Card Record maintained by the Investment Banker.

20 Registered Letter enclosing securities with transfer instructions to Transfer Agent. Post Office forms and return card delivered to Post Office.

21 Stock or Bonds received from Transfer Agent and receipts given to Post Office.

22 Entries made in Delivery and Receipt Register maintained by Investment Banker.

23 Letter sent to client advising securities ready for delivery to him.

24 Entries made on Card record maintained by Investment Banker.

25 Client calls for and receipts for security.

26 Entries made on security holding record maintained by Investment Banker.

27 Entries made on Brokers Card maintained by Investment Banker indicating security, date of purchase and delivery.

The Investment Banker usually performs this service gratis — Commission going to the broker.

Foreign Trade Group Convention In N. Y. C.

The 28th National Foreign Trade Convention will be held in New York City, Oct. 6-8, with headquarters at the Hotel Pennsylvania. The theme of the convention is "Foreign Trade for Defense and Reconstruction" — and an impressive list of speakers has been secured for the three days' sessions. The feature of the meeting will be the World Trade Dinner which will be held the evening of Oct. 7. Acting as chairman of the dinner will be James A. Farrell, Chairman of the National Foreign Trade Council, while the toastmaster will be Winthrop W. Aldrich, Chairman of the Board of the Chase National Bank of New York. The speakers scheduled to address the dinner are Viscount Halifax, British Ambassador to the United States, and Sumner Welles, Under-Secretary of State, who will also read a message from President Roosevelt. Eugene P. Thomas, President of the National Foreign Trade Council, will be presented with the Captain Robert Dollar Award "for his distinguished contribution to the advancement of American foreign trade."

The following are some of the particular sessions scheduled: banking; tax committee group; transportation and insurance group; foreign credit, collection and exchange; importers' merchandising, The Americas'; education; industrial group; American-British Commonwealth and advertisers. One of the most important sessions will be that which deals with governmental operations affecting foreign trade. Officials representing priorities and export controls, and other Government agencies, will be present to answer questions.

Interest on Holland Bonds

The Nethelands Legation announced in Washington on Sept. 14 that the exiled Netherlands Government in London is making arrangements for "payment at an early date" of interest coupons dated May 15, 1940, and later, on its bonds. The Legation's announcement said that the interest service payments would be made only on "that portion of the national debt which is indisputably free of enemy control". It is noted that a greater portion of the Netherland national debt was held in Holland itself at the time of the invasion of that country, and no interest, of course, will be paid on this.

The Legation said on Sept. 14, that payments will be made "to holders of bonds registered in accordance with Government directions." The payments will be made in New York by J. P. Morgan & Co., and by other firms in London and the Netherlands East and West Indies.

Canadian Industrial Activity Holds High

Industrial activity in Canada was maintained at a high level in August, about one-third above that of a year previous, but without any substantial rise over July, states A. E. Arscott, General Manager of The Canadian Bank of Commerce, Toronto, in his monthly review issued Sept. 12. The bank's index registered 162 for mid-August (1937—100) as against 161 for mid-July, with the percentage of normal factory capacity utilized remaining unchanged at 114. Mr. Arscott's summary continues:

> Among foodstuffs, increases were recorded for flour and cereals, meats and canned goods. In the clothing group, increases in the production of leather footwear, women's clothing, silks and rayons more than offset decreases in men's clothing and furnishings, hosiery and knitted goods. A general decline was shown in the pulp and paper group, including newsprint, pulp and bags. Greater activity in saw-mills and miscellaneous woodworking plants counterbalanced a slight decline in furniture, factories and planing mills.
>
> The automotive group continued to decline for the third successive month, but the iron and steel trades recorded a moderate rise, structural steel in the heavy section and sheet metal products in the light group showing the greatest increases in output.
>
> Our wage payroll index for July was 169 (1937—100) compared with 170 for June and 123 for July 1940. Moderate to slight increases were recorded in manufacturing, construction and transportation, but these were offset by similar decreases in mining and logging and a sharp seasonal decline in total trade payrolls.
>
> Continued improvement in crop conditions throughout Central and Eastern Canada but further deterioration in the West summarizes agricultural developments of the past month.

Dodge Reports Higher Construction Contracts

Buildings and engineering contracts awarded during August 1941, totaled $760.233,000 and were, according to F. W. Dodge Corporation, higher than for any other month recorded in its record of construction in 37 Eastern States. This dollar volume was 84% greater than the $414,941,000 awarded in August, 1940, and 14% greater than the $667,097,000 awarded in May, 1928, which was the previous highest month on record. An announcement issued by the Dodge Corp. Sept. 20, went on to say:

> Residential building dollar volume of $231,529,000 was 51% above August, 1940, and larger than any month since April, 1929. Non-residential building was, however, at a record high level of $286,741,000, 141% above August, 1940, and 12% above its previously high month of June, 1928, when it had an award volume of $255,901,000.
>
> Commenting on the August record volume, Thomas S. Holden, president of F. W. Dodge Corporation said, "Peak levels of defense construction activity appear to be scheduled for continuance for some months to come.
>
> "This year's record-breaking volume of industrial plant construction has been an important factor in the demand for critical materials; as the defense plant expansion program tapers off, which will happen at some stage, the critical supply situation with regard to vitally important building materials and equipment should be eased to a considerable extent."

Says Philosophy of Might Challenges Free Institutions; Greatest Threat to Insurance

Speaking before the National Association of Life Underwriters in Cincinnati on Sept. 18, Lewis W. Douglas, President of The Mutual Life Insurance Co. of New York said that the spread of the philosophy of might which challenges all free institutions, represents the greatest single threat to the future of American life insurance.

"As trustees for the funds of millions of free Americans," he stated, "we in this business must oppose—at least understand—the evil forces that threaten the futures that our policyholders have so carefully planned and entrusted to our care." Mr. Douglas continued:

> The houses we build will be built on the sands; the plans we make will be only fanciful hopes; and the protection we devise for our dependents will prove to be as fragile as an empty egg shell unless Hitler is defeated and, with him, the attempt to establish force as the only rule by which men everywhere must live and die. This is the most significant fact in the history of the modern world. This is the most significant fact in the history of our country. This is the most significant fact in the history of American life insurance.
>
> Free men and free women associate themselves and a part of their resources together cooperatively to assure themselves and their beneficiaries against definable future uncertainties; and we are their servants. By this cooperative mechanism, entailing long and trusted commitments within a framework of law, at least some of the hazards of old age and of dependents can be eliminated, and want and fear reduced.
>
> But life insurance would be restricted, if not in time made impossible, for men who might tomorrow be in the concentration camp, the disposal of whose resources was not free but dictated by the State; whose futures depend not on ability but on a tyrant's whim; who could make no certain commitments and trust none given them; whose associations could depend on no established law. The very mortality tables upon which our business rests would be undependable.
>
> The great institution of life insurance is founded upon freedom, within the framework of free, Christian and peaceful society. Every policyholder has a stake in preserving its substance. Every policyholder has a stake in defeating any attempt to destroy it.

Warning his listeners that America would have to be strong if it wanted to continue enjoying the great freedoms that have been obliterated in other parts of the world, Mr. Douglas said, "We are still capable of continuing to enjoy them. We are still masters of our own soul—if only we will have the will to be. Therefore this threat, this challenge to the continued enjoyment of freedom, is the most momentous, significant challenge in the history of the Republic. It is more grave, it is more serious, it is more replete with unhappy implications than any other event, any other threat, any other menace in the span of our national life. It tests the stuff of which we are made—the depth of our faith—and the strength of our beliefs.

"The question that this country and every one of its citizens faces today," Mr. Douglas stated, "is whether this challenge will be met. Will it be met wherever and however necessary — in the factory, on the farm, on the sea, in the air, and on the battlefield? Do we believe enough in our way of life to fight for it?

"To oppose this militant force of barbaric paganism," he said "means a change in our lives to some degree—perhaps to a great degree—for some time—perhaps for a long time, because opposition to these forces of aggression and world dominion is no part-time affair. It means the mightiest effort in our history. But to submit either purposely or accidentally is to assure a change in our mode of life and living, which neither our children's children, nor their children's children will be able to escape."

Bank Auditors and Comptrollers Annual Convention at Chicago Oct. 8-11

The 17th annual convention of the National Association of Bank Auditors and Comptrollers will be held Oct. 8 to 11 inclusive, at the Palmer House in Chicago. The meeting will be of historic significance since it was in Chicago that the association was founded in 1924. In the time which has elapsed since its founding the group has grown to 50 conferences located in the principal centers of the nation. The official staff is headed by National President Charles Z. Meyer, Comptroller of The First National Bank of Chicago, under whose leadership the association has made marked progress. Other officers are: First Vice President C. W. Borton, Assistant Vice-President, Irving Trust Co. of New York; Second Vice-President Ottmar A. Waldow, Comptroller, National Bank of Detroit, Detroit, Mich; Secretary Hugh E. Powers, Cashier, Lincoln Bank & Trust Co., Louisville, Ky.; Treasurer John C. Shea, Auditor, Whitney National Bank, New Orleans, La. The Managing Editor of its official publication. "The National Auditgram" is D. R. Cochard, who is also in charge of the national headquarters at Cleveland, Ohio.

The program planned for the four-day meeting will afford opportunities to discuss current bank problems arising out of changing economic conditions, laws and regulations. Personnel problems caused by the national emergency and other legislation will be included. Speakers at the general sessions include men of prominence in banking commerce and accounting fields. The featured speaker at the annual banquet will be Dr. Paul F. Cadman,. Economist, the American Bankers Association. According to C. Edgar Johnson, Assistant Vice-President of The First National Bank of Chicago and General Convention Chairman, an attendance of over 500 auditors, comptrollers and other and other operating bank men representing every state in the union, are expected to register for this meeting.

National Ass'n Of Manufacturers Reports Significant Trends In Defense Operation

The National Association of Manufacturers, in a semi-annual interim statement on the prograss of the United States' armaments program, reported on Sept. 15 several new trends in defense operations. The more significant among them related to the government's further intensification of demands for war material production and consequent development of both shortages and delays. According to the Association 98% of the reporting companies with defense contracts stated that production actually had started, showing improvement over the six month period. The Association also indicated that marked recent trends are:

1. Greater speed in delivery is being asked by government. While 25% of the companies reported in January that they had been asked to deliver before the specified contract date, 37% named that as a condition today.

2. Delays due to government causes have taken a sharp drop from 59% to 43%; the firms indicating that "other causes" were increasingly responsible.

a. Material shortage remains a strong factor in delayed production as shown in 75% of the replies. This fgure, while varying during the half-year period, has been relatively constant.

b. Inability to get machine tools shows a deep curve downward in the early spring with a return to pressure for tools today. At the turn of the year, when demand for machine tools reached its peak, 63% labelled this factor a major cause of delay: a low in April of 22% has now been superseded by a figure approximating the original demand; 55% of the companies naming tools as a delay cause.

c. Labor disputes and demands for increased wages account for a larger percentage of obstructed production.

d. Miscellaneous causes of delay included negligible reports of transporttion and fuel shortages. Sabotage is minimized by reporting companies.

3. The question of solution for material shortage delays brought continued stronger support for "strict government control as to delivery of materials to particular companies" during the six months period. Beginning at the turn of the year, with 16% of the reporting manufacturers declaring for tighter controls, succeeding months found the trend upping rapidly to the current figure of 31%. A greater percentage of manufacturers called for "improved government scheduling of production delivery dates."

4. A rapid decline in five and 5½ day operations is revealed with an attendant trend toward the longer week. Sixty-seven percent of the companies are now operating on the six and seven day basis.

a. No unusual increases in the number of shifts being worked show up in the January to August report; 75% of the firms were on two or more shifts at the close of the year 1940. With slight monthly changes, the period closed at 75%.

b. A more marked change is noted in the weekly number of hours worked. A sharp decrease is shown in the 40-hour week group, the bulk of firms reporting workers are now employed 50-60 hours.

5. A greater need than ever for skilled labor is revealed. Presently, 54% of the employers need such labor; they state an acute shortage would be evident "if defense production were on a 24-hour, 7-day basis." About half of the companies stated deliveries could be "substantially expedited" by hiring additional employees.

Sees Trading in Commodity Futures As Continuing But Day of Speculation Past

In Chicago on Sept 10, J. M. Mehl, Chief of the Commodity Exchange Administration stated that "it may be assumed, I believe, that the institution of futures trading will continue in this country." Mr. Mehl went on to say that "it is too old and too soundly established as a pricing and insurance medium to be easily cast aside. However, it is fruitless to argue that the futures trading system is not subject to change. Our whole agricultural economy has changed. It will never be the same as it was 50 years ago, or ten years ago. This being true, it follows that we cannot go on with old patterns of thinking and planning. The whole machinery of marketing, including the futures markets, must be adjusted to fit the present as well as the future, insofar as we can see it." Mr. Mehl's remarks were made at a dinner, given by the Chicago Mercantile Exchange, for officials of the nation's organized commodity markets, leaders of organized agriculture and futures traders and brokers. In stating that "I do not believe that the Commodity Markets ever again will afford the opportunity for speculative adventure that they have in the past" Mr. Mehl continued in part:

> The loan programs, quite aside from the fact that they have operated as minimum price guaranties, have also enabled farmers directly to carry a part of the risk load that formerly had to be assumed by speculators. This means a smaller volume of trading in some commodities at the time these commodities are going under loan. But it does not affect the need for the futures markets for hedging purposes when the commodities again move back into commercial channels.
>
> Now, it has been intimated by some who have felt the pinch of reduced volume, that rather than continue futures trading on a "starvation" basis it would be better to abandon temporarily the futures markets and make their need felt, so that when they come back they will come "full blown," without restrictions, and in the manner of the historical past. Responsible leadership in the trade will not subscribe to such a policy. Moreover, the agricultural interests of this country will not allow the hedging and price-basing utility of the futures markets to be abandoned in this manner and for such purposes. In this connection, I may tell you that serious-minded and practical-thinking men already have expressed to me their concern over the lack of volume in certain of the commodity futures markets and have suggested that the Government itself may have a responsibility to provide some kind of substitute, if necessary.

From Mr. Mehl's address we also quote:

> If we could eliminate speculation in commodities by the simple process of eliminating futures trading, I would say. "eliminate it." Unfortunately the problem is not that simple. Large risks are inherent in the production and distribution of farm products. Long production periods, uncertainties of weather, and other rapidly changing supply and demand factors inevitably create large risks and price uncertainties. The risk is there; it must be carried by someone. It gets down to a question of who will do it. . . .
>
> It seems to me that, theoretically at least, there is only one answer to that question. Let these large risks be broken up again into small parts. Let them be carried by competent and willing risk carriers through the medium of the futures market, under proper regulation and supervision. Make the rules so as to insure fair play and prevent abuses. Trading under such conditions probably affords the largest possible measure of competition in price making, and provides the surest protection against price making by private monopoly.

At the conclusion of his address, Mr. Mehl, by way of brief summary, said:

> I may say again that agricultural as well as trade interests have a long-time interest in preserving the risk-bearing and price-basing functions of the future markets. Those interests should not be jeopardized by short-sighted trading policies during this emergency or by failure to recognize the changes which have occurred in our agricultural economy. The problems underlying the farm programs will remain after the war is over. The farm programs are flexible, but the objective is of a permanent nature—to secure stable agricultural marketing conditions and stable agricultural prices.
>
> The exchanges have two difficult and seemingly paradoxical problems. They must prevent excessive speculation in certain commodities and at the time maintain the volume and liquidity necessary to meet legitimate hedging needs in all commodities. To render maximum service in this situation, and enjoy the highest degree of public confidence, the futures markets must seek a responsible and substantial class of risk carriers. The proposals made by the Commodity Exchange Administration are designed to help the markets make necessary adjustments and meet their outstanding problems. They have been made with the thought that the markets may remain open and continue to render service to agriculture, as well as to merchandising and industrial interests.

Tugwell Puerto Rican Gov.

Rexford Guy Tugwell took the oath of office as Governor of Puerto Rico on Sept. 19, and simultaneously resigned as Chancellor of the University of Puerto Rico. The oath as Governor was administered in San Juan by Emelio del Toro, Chief Justice of the Puerto Rican Supreme Court.

Mr. Tugwell was nominated for the Governorship by President Roosevelt on July 30, as noted in our issue of Aug. 2, page 635; reference to Senate approval of the nomination on Aug. 25, was made in our issue of Aug. 30, page 1218. Mr. Tugwell tendered his resignation as Chancellor of the University of Puerto Rico on Sept. 17, following criticism of an Executive Order issued by President Roosevelt allowing him to hold the two posts.

President Tells Legion Convention Threat To The Nation is Real Not Imaginary

In a message to the American Legion convention in Milwaukee, President Roosevelt said that the "threat to our national security and to our way of life is not imaginary but real" and that "this hazard can truly be appraised only when we appreciate the destruction, desolation and enslavement which have overtaken free people of other nations during recent years."

The President's message was delivered personally by Secretary of the Navy Frank Knox and read to the convention on Sept. 15 by National Commander Milo J. Warner.

Calling attention to the "very thoroughgoing effort for national defense," the President said its successful accomplishment requires "unity of purpose, unity of sentiment and a keen desire to make whatever sacrifices may be necessary."

The President's message follows in part.

> My dear Commander Warner:
>
> I regret so much my inability to be with you in Milwaukee during the twenty-third national convention of the American Legion. Only the pressure of official business prevents my attendance. It is with pleasure, however, that I extend most cordial greetings to you and through you to all Legionnaires and members of the auxiliary who will be assembled at your convention.
>
> Knowing of the keen interest manifested by the Legion in current and momentous events both at home and abroad, I need not remind you of the serious situation that is facing the world and its possible effect on the future of our own country.
>
> You who have served in our armed forces during time of war know best the stern realities of war and consequently would much prefer peace. However, you also well appreciate the danger in our not being fully prepared to meet any condition that may arise in world affairs. The threat to our national security and to our way of life is not imaginary but real. This hazard can truly be appraised only when we appreciate the destruction, desolation and enslavement which have overtaken free people of other nations during recent years.
>
> Our nation throughout its existence has stood as a symbol of security and freedom. It is our constant aim and our controlling purpose that those priceless rights and privileges accruing to American citizenship may above all be preserved and protected. To that end, as you know, we are now engaged in a very thoroughgoing effort for national defense in order to meet adequately the steps being taken by aggressor nations. We all know that for the successful accomplishment of such a vast undertaking there must be unity of purpose, unity of sentiment, and a keen desire to make whatever sacrifices may be necessary in order to obtain our objective.

Tax Note Sales Higher

The Treasury Department reported on Sept. 11, that $1,094,000,000 of tax-anticipation notes were sold during August and not $1,037,000,000 as had been previously announced. It was explained that the higher figure was due to sales reports in transit which had not been included in the earlier report (referred to in our issue of Sept. 4, page 7). A breakdown of this total shows that corporations purchased $1,028,000,000 of the tax notes, while individuals bought $66,000,000 worth. All but $3,703,000 of the corporation purchases were of the Series B-1943 notes, which earn about 0.48% a year, while $50,000,000 of the individuals purchases were also of the Series B notes. The remainder was in Series A-1943 notes earning about 1.92% a year and designed for the smaller taxpayers. The amount of this latter series which is acceptable in payment of income taxes is limited to $1,200 in any one tax year.

HOLC Now Centered in NY

The headquarters of the Home Owners Loan Corporation were officially transferred from Washington to New York City when on Sept. 22, the Corporation's staff reported for work at 2 Park Avenue with everything in readiness. Transfer of the Corporation's headquarters from Washington was necessitated by the expansion of defense agencies in the Capital. The Corporation's old quarters have been taken over by the Office of Production Management, the Office of Price Administration and the Office of Civilian Information.

The HOLC now occupies six floors of the 2 Park Avenue building, comprising about 150,000 square feet of space. The Federal Home Loan Bank Board will share part of the space, although it will also retain offices in Washington. Moving of the Corporation's effects required the use of freight cars and moving vans, and was completed in about a week.

Industrial Employment Up; Wages In Reverse

Employment and hourly earnings on the average increased in July in the 25 industries regularly surveyed by the Division of Industrial Economics of The Conference Board. Man hours worked totaled less, however, than in June, and payrolls averaged less. The Board on Sept. 16 further said in part:

> Earnings thus declined, as did the amount they could buy. Weekly earnings averaged $33.70 in July, as compared with $34.26 in June. In July, 1940, they averaged $28.16, and in July, 1939, $26.64. The purchasing value of the dollars received (as expressed in terms of 1923 performance) dropped from 145.4 in June to 142.4 in July. The corresponding index number for July, 1940 is 123.9, and for July, 1939, is 118.9.
>
> Although the average number of hours worked in the 25 industries decreased during July of this year, 17 of the industries actually recorded more man hours of production than in June. This means that in July fewer hours were worked in only the following industries: agricultural implement, automobile, Northern cotton, hosiery and knit goods, lumber and millwork, paint and varnish, rubber, and the "other product" category of the foundry and machine shop industry.
>
> Contrary to the average trend, actual weekly earnings increased in 13 of the 25 industries. In ten of the 13, the wages increased more than the cost of living. This situation occurred in the boot and shoe, chemical, electrical manufacturing, furniture, hosiery and knit goods, paper and pulp, paper product, book and job printing, silk, and machine and machine tool industries. In the other 15 industries "real" weekly wages declined.

LEGAL ODDITIES

"John R. Brayden of Caribou Corner speaking. Buy me ten Allegash bonds for $10,000 even money,' the telephone message said.

"I can have them for you inside of an hour," the New York dealer agreed.

Two hours later another message came over the same telephone network.

John R. Brayden again. Allegash bonds ready?"

"Right on my desk," the dealer agreed.

"I am anxious to get delivery of those bonds to use them in New York today, and I would like you to deliver them to Henry R. Willard, whenver he calls for them. I have just deposited $10,000 in the Caribou State Bank here with instructions to forward to you."

"If the bank confirms that I'll quickly make delivery," the dealer agreed.

Fifteen minutes later the third message came in.

"Caribou State Bank speaking. We are holding $10,000 deposited by John R. Brayden to be forwarded to you," the message stated.

"I'd rather have a telegram to that effect," the dealer demurred:

"That's easily arranged," the bank agreed.

Five minutes later the telegraph operator at Caribou Corner answered the telephone.

"Caribou Corner State Bank speaking. Wire Bryan & Wilson, bond dealers, New York City, telling them that we are remitting $10,000 on account of John R. Brayden," was the resulting message.

This wire reached the dealer in due course, Willard called for and received the Allegash bonds, the next day the genuine John R. Brayden appeared and the fraud was discovered.

"It is positively clear that the first telephone message was from you, but the others, including the one from the bank to the telegraph office in Caribou Corner, were forgeries, if there could be such a thing," the dealer declared.

"What do you intend to do about it?" Brayden queried.

"I'll deliver your bonds according to agreement and then sue the Telegraph Company for damages in accepting the telegram over the telephone,' the dealer announced.

The dealer was as good as his word, sued the Telegraph Company in the Arkansas courts, the evidence showed that the Telegraph Office at Caribou Corner was outside the business section of the town and that outgoing telegrams were frequently telephoned to the office, and the Arkansas Supreme Court ruled that the Company was not liable.

"The exercise by the Telegraph Company of reasonable care to receive and transmit genuine authorized messages only, does not require it to investigate or ascertain the identity or authority of the person who tenders a message for transmission, whether it is in writing or spoken directly to the operator or is communicated to him by telephone," said the court.

"Yes, but that particular operator hadn't been at Caribou Corner long enough to be familiar with the voices of the regular telephone patrons, and should have investigated before sending my telegram," the dealer argued as a last resort, but the court overruled this contention as well.

"The question was not whether he made an investigation, but whether anything happened in connection with the transaction that required him to make an investigation. The operator had been in the habit of receiving such messages from the officers of the bank, and in the absence of suspicious facts or circumstances in connection with the matter the telegraph company was not guilty of any negligence, and was not liable," said the court on this point.

Eccles Insists to House Committee Price Control Should Be Promptly Enacted

The statement that the price control bill "should be promptly enacted" was made by Marriner S. Eccles, Chairman of the Board of Governors of the Federal Reserve System at the hearing on the bill before the House Banking and Currency Committee on Sept. 29. Mr. Eccles, in presenting his views to the Committee stated that:

> Whether or not you include within the terms of this bill a declaration of policy or discretion to deal with labor and farm prices, the fact is that you cannot leave wages and salaries which are the main factor in prices to rise indiscriminately and be realistic about preventing inflation. You cannot, in my judgment, realistically put a high-level floor under farm prices and no ceiling.

In his appearance before the Committee Mr. Eccles made it plain that he was expressing his personal views "as to the part that price control has to play in any adequate Government program for dealing with price inflation."

He outlined "the framework, as I see it, into which the pending bill fits as a part of a broad, integrated Government plan to deal with inflation" saying in part:

> You are all aware that price inflation threatens to develop with accelerating rapidity because our vast defense expenditures are putting buying power into the hands of the public at a faster rate than goods can be turned out to satisfy both the increasing civilian demand as well as our expanding defense requirements. We know that this condition is bound to become increasingly acute as more and more of our productive capacity is devoted, as it must be, to supplying defense rather than civilian requirements. There is no need to remind this Committee of the consequences of an uncontrolled inflation. You are fully cognizant of its ruinous effects upon the entire economy and particularly upon labor, the farmers and the great mass of our working population. or is it necessary to emphasize to you that the first line of attack upon the problem is to increase production to the greatest possible extent.
>
> That is why it is so urgent, in the national interest, that we utilize all of our productive machinery, the smallest as well as the largest units, and all of our available man power in producing continuously first for defense, because our national safety depends upon it, and secondarily for civilian needs. For this reason industrial strife, and the attempt to settle disputes by the methods of lockouts and strikes, are intolerable in times of national peril.
>
> We have got to realize, far more than we do as yet, that we must be prepared to postpone buying of civilian goods which cannot be produced in sufficient quantity at this time to meet the rising demand. When the emergency is over and production can again be turned to supplying civilian wants the deferred demand will be an important factor in offsetting a post-defense slump.
>
> For the present, however, the most important aim of public policy on the economic front, next to procuring maximum production, is to dampen civilian demand for goods which cannot be produced in sufficient quantities. We cannot leave this to chance or to voluntary action on the part of the buying public. The inescapable result of letting the situation take care of itself would be a price inflation of staggering proportions and demoralizing effects upon our economic system. The situation can only be dealt with effectively by a coordinated and comprehensive series of Government measures of which the bill you are considering is an essential, integral part.
>
> The means available to the Government for dealing with the problem fall into two broad categories—general over-all or broad functional controls on the one hand and selective controls on the other. Taxation, fiscal and monetary policy belong in the category of over-all, functional controls. Price-fixing, priorities, regulation of consumer credit, are necessary, supplemental controls that are selective in character.
>
> It has been my view for a good many years that in formulating and carrying out Government economic policy to deal with either inflation or deflation we should rely first of all upon the broad, over-all functional controls. They operate on the economy as a whole, indirectly rather than directly; they are in keeping with democratic processes and give private enterprise and initiative the fullest possible scope consistent with the general welfare; they serve to create a climate favorable or unfavorable, as conditions may require, for expansion or contraction. They are our main reliance now, and I believe properly so. But they are not enough. They need to be supplemented by such direct measures as are necessary to reach conditions arising from shortages. The pending bill is the most important measure of direct control, and should in my judgment be sufficiently broad and flexible to allow for wide administrative discretion in dealing with future contingencies.
>
> The point that I desire to emphasize, however, is that the economic area to which we must apply direct controls depends in large part upon how promptly and effectively we use the functional measures to draw off buying power—and at the same time help pay for defense. If Congress fails to enact adequate tax legislation, particularly corporate and individual income taxes, as well as excise taxes on scarcity goods; if we leave the credit doors wide open, so that bank credit and consumer credit continue to expand, if our people indulge in buying sprees instead of conserving their funds—and there is no better way than by subscribing to defense bonds—then the only alternative is to widen continually the area to which direct controls must be applied if we are to avoid a ruinous inflation. Such controls as are proposed in the bill before you are vitally necessary to reach scarcity conditions, if prices of civilian goods and the costs of defense are to be held within reasonable bounds.
>
> I am fully in accord with the objectives of taxation policy which the Secretary of the Treasury declared when he presented his tax program to Congress; I believe that the Government program for dealing with inflation approaches the problem from the right end—though we have done too little too late so far. I do not believe that we should approach the problem from the other end by blanketing the economy with direct controls, first, and applying over-all, functional controls secondarily. I see no good reason for attempting the impossible task of repealing the law of supply and demand altogether, of undertaking to police not merely those prices which have to be policed because of scarcities but all prices, the bulk of which do not need to be policed. I would leave the problem of how far price control should go in the hands of one administrator, giving him ample jurisdiction and discretion.

In noting that Mr. Eccles, in his prepared statement told the Committee that he was fully in accord with the objectives of the taxation policy of Secretary Morgenthau, the Associated Press stated on Sept. 29 that he (Mr. Eccles) did not explain, however, whether he was referring to the recently enacted tax law or to Mr. Morgenthau's later proposal for limitation of all corporate profits to 6% for the duration of the emergency. According to the same advices (Associated Press) Mr. Eccles said there might be justification for placing in effect temporarily a 48-hour week instead of the present 40-hour week required of industries operating in interestate commerce. In the same accounts it was pointed out that Mr. Eccles' view that wages and salaries should be controlled during the present emergency coincide with that of Bernard M. Baruch, world war head of the War Industries Board, and a recent witness before the Committee, while Price Administrator Leon Henderson, has consistently opposed their inclusion in the price control bill. Mr. Eccles in response to a request by Chairman Steagall, (Democrat) of Alabama, for a specific plan for controlling wages, suggested on Sept. 29 (we quote from the Associated Press) that a centralized labor organization be created to work out with the Government a nation-wide schedule of "prevailing wages" for the duration of the emergency. The press advices added:

> Asserting that one of the difficulties in dealing with the labor problem was the great decentralization of its own organization, Mr. Eccles said:
>
> "I'm wondering if, in the interest of labor, a greater centralization of labor organizations could be accomplished so that the Government could work out with that agency a schedule of prevailing wages which would be a base until there was justification for a change.
>
> "Today there is no yardstick, no pattern. The situation is more or less chaotic."

At the Committee's session on Sept. 30 Mr. Eccles was again accorded a hearing, at which time he is reported as stating that the action of the Board of Governors of the Reserve System on Sept. 23, in increasing the reserve requirements of the member banks to the statutory limit, effective Nov. 1, has had no effect in checking inflation, and that the Board should be given power to increase them further. As to this, advices to the New York "Journal of Commerce" from its Washington bureau on Sept. 30 said:

> In discussing powers of the Federal Reserve Board to curb inflation, Mr. Eccles said that any person who believes that the Board has the power to maintain a price level is "100% misinformed." The Board can create a tight money situation and affect the interest rates but it cannot maintain a stipulated price level, he asserted.
>
> The increase in reserve requirements ordered last week, he added, had no effect either on prices or tightening credit.
>
> "But you think you should have additional powers to increase reserves?" Representative Spence asked.
>
> "Yes," Mr. Eccles replied.
>
> "Why, if the increase had no effect?" Mr. Spence continued.
>
> "The volume of excess reserves was so great before the additional requirement was imposed that it had no effect," Mr. Eccles said. "Before the action was taken the excess was around $5,000,000,000 and after the order it was around $4,000,000,000. The reserves are about twice as high as they were when Congress gave the Board the original power to raise reserve requirements."
>
> Mr. Eccles said that the most important over-all functional control of price inflation is taxation. He urged, however, that some form of deferred income payment plan, such as using the social security system for that purpose, also be provided. He also said that he did not favor a flat limitation on profits, but thought that the best way to curb excessive profits was by taxation.

IN THIS SECTION

(Continued from Page 401)

Wage earners work seven hours less per week than in 1929, according to Conference Board. Page 413

Export copper higher—full priority control for copper and brass seen. Page 408

Electric output during week ended Sept. 27 totaled 3,233,278,000 kwh. Page 406

Car loadings during week ended Sept. 20 totaled 907,969 cars, an increase of 11.6% over year ago. Page 405

Lumber production in week ended Sept. 20 totals 281,860,000 board feet. Page 411

Bituminous coal production totaled 9,930,000 net tons in week ended Sept. 20; anthracite output declined to 1,141,000 tons. Page 407

Price control bill endorsed by M. S. Eccles of reserve system—would control wages—favors increase in reserve requirements— Page 416

Steel production again up. Page 406

Bond prices down slightly. Page 408